JFMIP

Federal
Financial
Management
System
Requirements

Non-Income Tax Revenue Systems Requirements

EXPOSURE DRAFT

JFMIP-SR-02-03
July 2002

What is JFMIP?

The Joint Financial Management Improvement Program (JFMIP) is a joint undertaking of the: U.S. Department of the Treasury; General Accounting Office (GAO); Office of Management and Budget (OMB); and Office of Personnel Management (OPM), working in cooperation with each other, with other agencies, and with the private sector, to improve financial management in the Federal Government. The Program was given statutory authorization in the Budget and Accounting Procedures Act of 1950 (31 United States Code (U.S.C.) §65). Leadership and program guidance are provided by the five Principals of the JFMIP – Comptroller General of the United States; Secretary of the Treasury; Director of OMB; and Director of OPM. Each Principal designates a representative to serve on the JFMIP Steering Committee, which is responsible for the general direction of the Program. The Executive Director of JFMIP is a permanent member of the Steering Committee, and is also responsible for day-to-day operations of JFMIP. Additionally, a representative from the Federal community serves on the Committee for a 2-year term.

The Program promotes strategies and sponsors projects to improve financial management across the Federal Government; participates in the financial management activities of central policy organizations; and facilitates the sharing of information about good financial management practices. Information sharing is accomplished through conferences and other educational events; newsletters; meetings with interagency groups and agency personnel; and the Internet.

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JOINT FINANCIAL MANAGEMENT
IMPROVEMENT PROGRAM

JFMIP

1990 K Street NW
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Date: July 3, 2002

To: Senior Financial Officials

From: Executive Director, JFMIP -- Karen Cleary Alderman

Subject: Non-Income Tax Revenue Systems Requirements Document Exposure Draft

The JFMIP Non-Income Tax Revenue System Requirements document Exposure Draft is attached for comment. A task force led by Jo Ellen Cohen, Acting Chief Financial Officer and Assistant Commissioner for U.S. Customs, developed the Non-Income Tax Revenue System Requirements document. The task force included representatives from CFO agencies. This document addresses Non-Income Tax Revenue financial systems and applies to systems used to collect fines, penalties and excise taxes, among others. System requirements for income tax revenue collected by the Internal Revenue Service are excluded from this document.

The document is intended to assist agencies when developing new non-income tax revenue systems and when improving or evaluating existing revenue systems by providing the baseline functionality that revenue systems must have in order to support agency missions and comply with laws and regulations. The final issuance of this JFMIP Non-Income Tax Revenue Systems Requirements document will augment existing Federal Financial Management System Requirements (FFMSR) used in assessing compliance with the Federal Financial Management Improvement Act (FFMIA).

In addition to general comments about the exposure draft, we are looking for feedback that addresses the following key questions:

1) Can the requirements be interpreted clearly? Do they carry a sufficient and clear degree of specificity in what they require systems to do?

2) Is the title "Non-Income Tax Revenue Systems Requirements" appropriate? The document does not include the Internal Revenue Service in the scope of revenue system requirements included in this document.
3) Is the functional scope of the document appropriate? Does the document adequately cover the major topics?

4) Is the categorization of system requirements between mandatory and value-added appropriate? Are there requirements that should be changed from mandatory to value-added or vice-versa?

5) Are the internal controls sufficient?

6) Is the relationship between revenue and core systems clear?

7) Is the overall presentation of the document logical? Are all terms sufficiently defined? Are there additional terms that need to be defined?

Please provide your comments by September 13, 2002. Comments on any section of this document are encouraged and should include the underlying rationale and the corresponding line number(s). Please email and mail comments to:

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If you have any questions, do not hesitate to call Daniel Costello at 202-219-0542 or email at daniel.costello@gsa.gov. Thank you for your support.

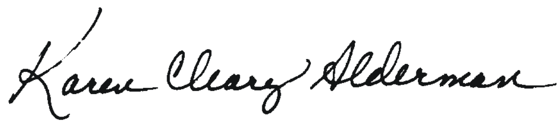
Foreword

This Non-Income Tax Revenue System requirements document is one in a series issued by the Joint Financial Management Improvement Program (JFMIP) in support of agency operations. This document addresses the goal of the Chief Financial Officers (CFO) Council and the JFMIP to improve the efficiency and quality of financial management in the Federal Government. It also addresses the CFO Act of 1990, the Government Management Reform Act (GMRA) of 1994, and the Federal Financial Management Improvement Act (FFMIA) of 1996 that strongly reaffirmed the need for the Federal Government to provide financial systems to facilitate the effective management of Government programs and services and the proper stewardship of public resources. In addition, it supports the Government Performance and Results Act (GPRA) of 1993, which was enacted to improve Federal program effectiveness and public accountability by promoting a new focus on results, service, quality, and customer satisfaction. The GPRA requires agencies to establish performance goals to define the level of performance to be achieved by a program activity, and to provide a basis for comparing actual program results with the established performance goals.

The provisions in this document constitute Federal requirements for non-income tax revenue financial systems. They are stated as either mandatory (required) or value-added (optional) system requirements. Agencies must use the mandatory functional requirements in planning their non-income tax financial system improvement projects. Value-added requirements should be used as needed by the agency. It is the responsibility of each agency to be knowledgeable of the legal requirements governing its financial operations; therefore, agencies may develop additional technical and functional system requirements as needed to support unique mission responsibilities. Further, the provisions of this document supplement existing statutes, regulations and Federal policy concerning financial management systems. In the event that a requirement conflicts with existing agency specific statutes or regulations, the law, statute or regulation takes precedence. Agencies must also develop strategies for interfacing or integrating their systems with the core financial system. As stated in the document, the use of the term "Non-Income Tax Revenue System" is not intended to imply that a single system component (module) must independently perform all of the functions herein required of a Non-Income Tax Revenue System. Rather agencies are encouraged to maximize data exchange and share functionality among system components of an integrated financial system.

The requirements have been prepared in consultation with the JFMIP Steering Committee: the Office of Management and Budget (OMB), the General Accounting Office (GAO), the Department of the Treasury, the Office of Personnel Management and the General Services Administration. The project also involved several Federal program agencies and was led by the U.S Customs Service. Agencies are to use these functional requirements in planning their financial system improvement projects. As with the other systems requirements documents, agencies will have to include their unique requirements, both technical and functional, with the requirements in this document. Furthermore, each agency must develop its own integration strategy detailing how the non-income tax revenue system will either interface or integrate with the core financial system and other applicable systems.

We thank the agency officials and others in the financial management communities for their contributions to the document. We appreciate their invaluable assistance. Their support provides a document to enhance financial management systems contributing to effective and efficient operations governmentwide.



Karen Cleary Alderman
Executive Director, JFMIP

Acronyms

ACH	Automated Clearing House
ALC	Agency Location Code
A/R	Accounts Receivable
CDO	Chief Disbursing Officer
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
DCA	Debt Collection Act of 1982
DCIA	Debt Collection Improvement Act of 1996
EA	Enterprise Architecture
EFT	Electronic Funds Transfer
FACTS	Federal Agencies' Centralized Trial-Balance System
FASAB	Federal Accounting Standards Advisory Board
FFMIA	Federal Financial Management Improvement Act of 1996
FFMSR	Federal Financial Management System Requirements
FISCAM	Federal Information System Controls Audit Manual
FMS	Department of the Treasury Financial Management Service
GAO	General Accounting Office
GMRA	Government Management Reform Act of 1996
GPRA	Government Performance and Results Act of 1994
GSA	General Services Administration
ID	Identification
IPAC	Intra-governmental Payment and Collection System
IRS	Internal Revenue Service
IT	Information Technology
JFMIP	Joint Financial Management Improvement Program
NARA	National Archives and Records Administration
NIST	National Institute of Standards and Technology
OMB	Office of Management and Budget
OPAC	On-Line Payment and Collection System
OPM	Office of Personnel Management
POS	Point of Sale
RA	Reimbursable Agreement
SEC	Securities and Exchange Commission
SGL	Standard General Ledger
SSN	Social Security Number
SF	Standard Form
SFFAS	Statements of Federal Financial Accounting Standards
TAFS	Treasury Account Fund Symbol
TIN	Taxpayer Identification Number
TOP	Treasury Offset Program
TFM	Treasury Financial Manual
U.S.C.	United States Code
USSGL	United States Standard General Ledger

Table of Contents

Forward.. 1

Acronyms 3

Introduction... 6

Federal Financial Management Framework............... 8

Non-Income Tax Revenue System Overview............... 16

Non-Income Tax Revenue System Major Functions......... 18

Relationship with Other Systems 20

Functional Requirements.............................. 22

Input.. 22

Customer Order Options............................... 23

- Remittance Options.................................. 24
- Cashier Function.................................... 26
- Proprietary Accounting and Budgetary Accounting..... 27

Process.. 30

- Deposit Account Function 30
- Transaction Validation.............................. 32
- Collection Process.................................. 35
- Revenue Recognition................................. 37
- Receivable Management Process....................... 38
- Bill Generation..................................... 39
- Debt Management Process............................. 41
- Revenue Estimation 44

Output...45

- Automated Reconciliation............................ 45
- Performance Measurement............................. 46

Reporting.. 47

- Internal and External Reporting..................... 47
- Audit Trail... 50
- On-Line Query Capability............................ 51
- Ad-Hoc Query Capability............................. 53

Records Retention.. 55
Interface.. 56
Security.. 59
Appendix A: Authoritative References.. 60
Appendix B: Glossary... 61
Appendix C: Contributors 71

Exhibits

1. Financial System Improvement Projects.. 10
2. Integrated Model for Federal Information Systems................................. 13
3. Agency Financial Management Systems Architecture.............................. 15
4. Path of Non-Income Tax Revenue... 20
5. Non-Income Tax Revenue Transaction Flow: Input, Process, Output.................... 21

Introduction

The U.S. Federal Government is the world's largest and most complex enterprise, involving the collection, management, and disposition of billions of dollars. Financial and program officials face tremendous challenges in managing Federal programs. Improvements in agency revenue and financial systems are critical to Government's efforts to obtain complete and reliable information needed to manage this enterprise efficiently. Increasingly, integrated systems are expected to simultaneously support multiple users (program managers, financial managers, and revenue managers) while systems and data are being shared by agencies with common needs. Information supplied by these systems is expected to become more timely, accurate, and consistent across the Government.

Representatives from revenue management functions governmentwide formed the partnership that developed this document. Its purpose is to provide a common set of non-income tax revenue financial information requirements with which each agency's integrated financial management system must be consistent. These shared information requirements, frequently arising from Federal statutes or regulations, constitute information available in one system that is required for the performance of another system. This document delineates those interface requirements between non-income tax revenue and other systems, that are critical to the performance of both functions. These requirements are intended to be available to all users who rely on the information to carry out their responsibilities. This document does not address system requirements associated solely with the non-income tax revenue process.

The Federal government also has consistently recognized the importance of having high-quality information management systems that contain financial, non-income tax revenue, and other information necessary to support government operations. As a result, Congress enacted a variety of recent statutes, including the Federal Financial Management Improvement Act (FFMIA) of 1996 and the Information Technology Management Reform Act (Clinger-Cohen Act) of 1996 to assure that high-quality information management systems are developed to enable effective and efficient decision making by program officials. The Office of Management and Budget (OMB) also issued several relevant publications, including Circular A-127, "Financial Management Systems" and Circular A-130, "Management of Federal Information Resources," which outlines the requirement that all electronic systems, including financial and non-income tax revenue systems, have a defined association to an agency's enterprise architecture. The FFMIA and OMB Circular A-127 specifically provide the vision for a single, integrated Federal financial management system. As mentioned earlier, in support of that vision, JFMIP publishes requirements documents for financial systems and the financial aspects of mixed systems (such as non-income tax revenue). *Non-Income Tax Revenue System Requirements* should be considered in the context of all the other JFMIP requirements documents, which form the basis for total governmentwide financial system requirements.[1]

The first three sections of this document ("Federal Financial Management Framework," "Integrated Financial Management Systems," and "Agency Financial Management Systems Architecture") set forth the framework for the establishment and maintenance of a single

[1] The requirements documents and other information are available on the JFMIP website at www.jfmip.gov.

integrated Federal financial management system, provide information on integrating an agency's financial management system, and identify the relationships of various system types.

The next section, "Non-Income Tax Revenue System Overview," discusses the high-level processes of the non-income tax revenue system, while "Non-Income Tax Revenue System Major Functions" outlines the various functional categories of the requirements. "Relationship with Other Systems" illustrates different configurations of non-income tax revenue systems and depicts the usual flow of financial events in a non-income tax revenue system. These sections are followed by the "Functional Requirements" comprised of 22 major functions and their requirements.

Appendix A lists the statutes, laws and regulations upon which these requirements are based, followed by Appendix B, which is a glossary of the non-income tax revenue and financial terms used in this document. The last section of this document (Appendix C) lists those individuals who contributed their time, effort and vision to the development of this document.

Federal Financial Management Framework

Financial management systems in the Federal government must be designed to support the vision articulated by the government's financial management community. This vision requires financial management systems to support the partnership between non-income tax revenue and financial managers and to ensure the integrity of information for decision making and measuring performance. This includes the following abilities:

- ♦ Collect accurate, timely, complete, reliable, and consistent information.
- ♦ Provide for adequate agency management reporting.
- ♦ Support governmentwide and agencywide policy decision making.
- ♦ Support the preparation and execution of agency budgets.
- ♦ Facilitate the preparation of financial statements and other financial reports in accordance with Federal accounting and reporting standards.
- ♦ Provide information to central agencies for budgeting, analysis, and governmentwide reporting, including consolidated financial statements.
- ♦ Provide a complete audit trail to facilitate audits.
- ♦ Provide adequate security controls to minimize the risk that data could be disclosed to unauthorized individuals, improperly used or manipulated, or destroyed due to unauthorized access or use.

As shown in Exhibit 1, establishing uniform requirements is only part of the process of improving financial management systems and information. Improvements are also achieved through the selection, development, and/or purchase of software applications that meet approved functional requirements and technical and data management specifications. Agencies must continue to improve their financial systems and implement new requirements as they are issued so that continuing efforts to standardize and upgrade data and reporting requirements, in accordance with the OMB's governmentwide five-year financial management plan, will be successful.

Well-defined and effective governmentwide functional requirements assist agencies in developing strong systems and information by eliminating duplicate work among agencies and providing a common framework so that commercial vendors can more economically provide systems software. Development of governmentwide functional requirements is a critical effort that will affect internally developed systems and mature manual systems, as well as the evaluation and selection of commercially available systems. In support of this vision, the Federal government must establish governmentwide financial management systems and compatible agency systems, with standardized information and electronic data interchange, to support program delivery, safeguard information and agency resources, and manage taxpayer dollars.

Each agency should supplement the governmentwide standard requirements, described in this document, with its unique agency requirements to provide a uniform basis for the standardization of financial management systems as required by the Chief Financial Officers (CFO) Act of 1990, FFMIA, and other statutes. Furthermore, each agency's requirements for its financial management systems should be based upon, and integrated with, its efforts to develop and implement an enterprise architecture as called for in Federal legislation and clarified in OMB Circular A-130. However, standard core requirements must be maintained.

Financial System Improvement Projects

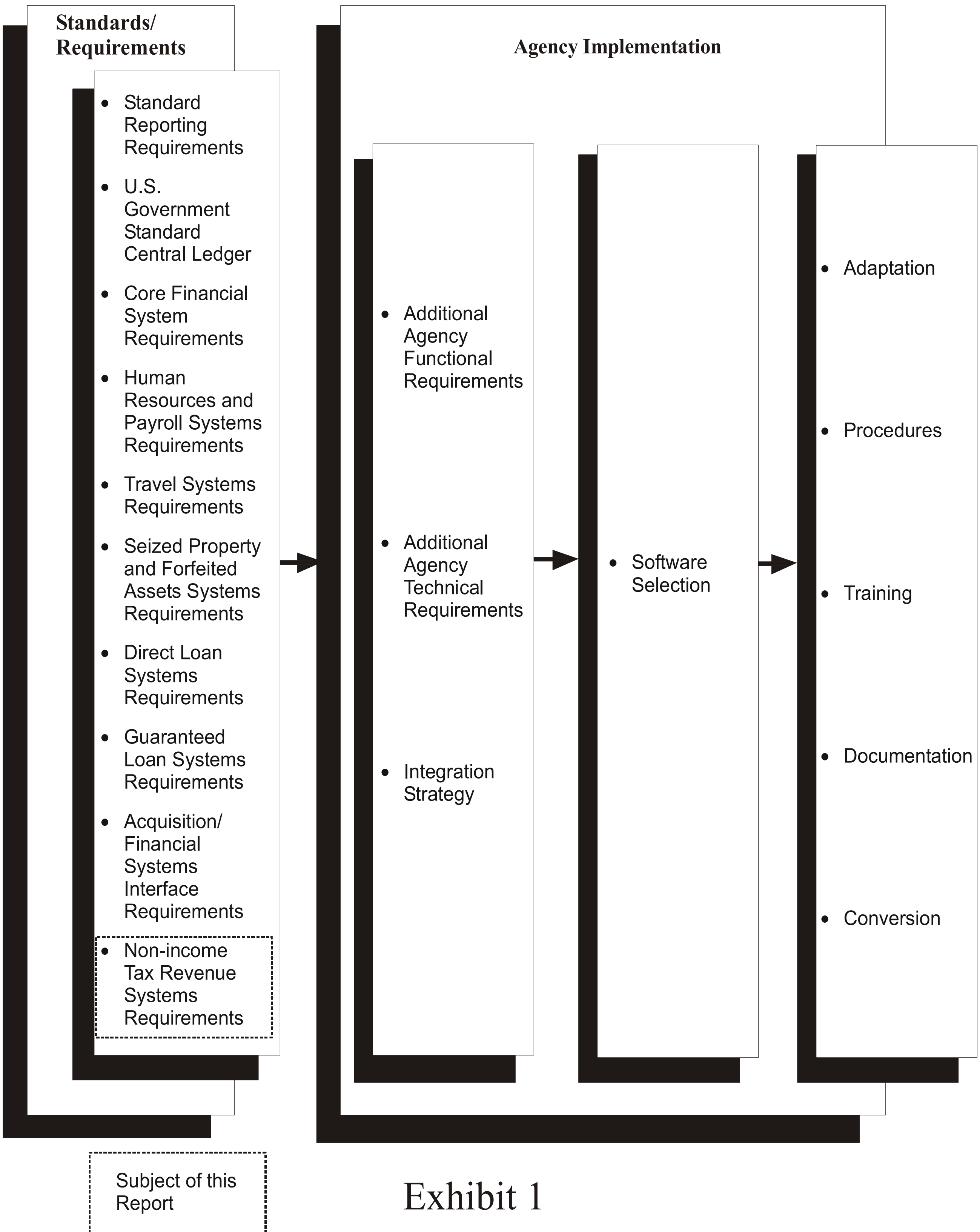


Exhibit 1

It is critical that financial management systems support the agency's mission and programs, including changes to them, and that financial management system's plans are incorporated into the agency's plans for information technology (IT) infrastructure and information systems as a whole. Further, systems design efforts should include an analysis of how systems improvements, new technology supporting financial management systems, and modifications to existing work processes can together enhance agency operations and improve program and financial management. Reassessing information and processing needs, and redesigning processes, procedures, and policies are essential steps to meeting user needs.

Aligning technology with business needs is an important aspect of Enterprise Architecture (EA). Agencies are required by the Clinger-Cohen Act to provide this function within their organization. The EA function provides for analysis of business needs and monitoring business direction. Knowledge of this information helps to design better technology solutions and allows the organization to be better positioned to respond to internal and external change factors. As such, business programs and technology investments are linked in support of the agency's mission. The EA function monitors emerging technologies and charts a course for the use of technology in the agency. This is very useful for planning any new systems development, as the system architecture must be compatible with what is in existence or "targeted" for future implementation. In this manner, the EA function contributes to the use of standards for consistent operations, as well as interoperability.

It cannot be too strongly emphasized that the general success of these enterprise application initiatives may be dependent not so much on standard products, but on levels of interoperability that must be achieved by Federal agencies. Additionally, a Federal-level model of information that has standard definitions could be critical for effective integration and sharing of information. The data that moves upward should have definitions or descriptions of the data implemented governmentwide. Without the use of commonly defined data, inconsistencies may result in inaccurate reporting.

Integrated Financial Management Systems

Financial management systems must be designed with effective and efficient interrelationships between software, hardware, personnel, procedures, controls, and data contained within the systems. To be integrated, financial management systems must have, as a minimum, the following four characteristics:

(1) Standard data classifications (definitions and formats) established and used for recording financial events

(2) Common processes used for processing similar kinds of transactions

(3) Internal controls over data entry, transaction processing, and reporting applied consistently

(4) A design that eliminates erroneous duplication of transaction entry.

The financial management system's policy, described in OMB Circular A-127, requires that each agency establish and maintain a single, integrated financial management system. Without a single, integrated financial management system to ensure timely and accurate financial data, poor policy decisions may occur. Managers are less likely to be able to report accurately to the President, the Congress, and the public on government operations in a timely manner. Scarce resources are more likely to be directed toward the collection of information rather than to delivery of the intended programs. Further, modifications to financial management systems are necessary to keep pace with rapidly changing technology and user requirements that cannot be coordinated and managed properly.

Having a single, *integrated* financial management system does not necessarily mean having only one software application within each agency covering all financial management system's needs. Rather, a single, integrated financial management system is a *unified* set of financial systems and the financial portions of mixed systems (e.g., non-income tax revenue) encompassing the software, hardware, personnel, processes (manual and automated), procedures, controls, and data necessary to carry out financial management functions, manage the financial operations of the agency, and report on the agency's financial status to central agencies, Congress, and the public.

While the topic of these guidelines is uniquely devoted to interfaces between financial and non-income tax revenue systems, it is imperative to understand that successful implementation of an integrated financial management system is wholly dependent upon an articulated system (or enterprise) architecture that defines data, application, and technical infrastructure components. Efforts to develop and launch agency-wide integrated financial management systems demand a thorough understanding of the mission functions, information requirements, and overall business processes that are documented as part of the agency's EA.

> *Integrated* means that the user is able to have one view into systems such that, at whatever level the individual is using the system, he or she can obtain the information needed efficiently and effectively through electronic means. It does not necessarily mean that all information is physically located in the same database. However, as data warehousing becomes more of a standard, the data may indeed be stored centrally and accessed remotely. These structured design aspects of how and where the data are located are decisions which get made in conjunction with the to-be view, data, applications and technology sections of an agency's EA.
>
> *Unified* means that systems are planned and managed together, operated in an integrated fashion, and linked together electronically in an efficient and effective manner to provide agency-wide financial system support necessary to carry out the agency's mission and support the agency's financial management needs. It also means that this unification is resultant from having adhered to the approved architectural plans.

Interfaces, where one system feeds data to another system following normal business/transaction cycles, such as depreciation charges recorded in general ledger control accounts at specific time intervals, may be acceptable as long as the supporting detail is maintained and accessible to managers. In such cases, interface linkages must be electronic unless the number of transactions is so small that it is not cost-beneficial to automate the interface. Reconciliations between systems, where interface linkages are appropriate, must be performed to ensure data accuracy. Similarly, such reconciliations should be automated when cost beneficial.

To develop an integrated information system, it is critical that systems analysts and systems accountants identify the following:

- ♦ The scope of the business functions to be supported (processes)
- ♦ How data quality will be ensured (data stewardship)
- ♦ Data needed to support management decisions (information)
- ♦ How systems fit together to support the functions (systems architecture)

- Safeguards needed to ensure the integrity of operations and data (information assurance).

All of these pieces must be brought together in a model, or integrated framework or architecture, such as the one shown in Illustration 2. These pieces must work together to form an efficient integrated information system. Federal agencies are required to adopt an enterprise-level system architecture to provide for the most efficient and effective utilization of technology in support of agency strategic and tactical goals. Modular design considerations are necessary to minimize the impact of future changes to information needs. Preliminary data analysis should drive the structure of system modules to isolate changes within a subject area. The following discusses agency financial management systems architecture and relates that discussion to system integration at the enterprise level as called for in Federal legislation and OMB guidance

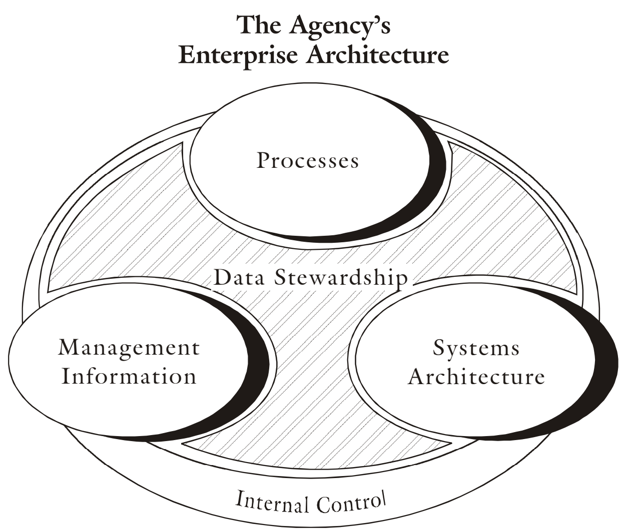


Exhibit 2

Agency Financial Management Systems Architecture

Agency financial management systems are information systems that support the preparation of auditable financial statements, track financial events, and summarize financial information to support the mission of an agency. These systems are necessary to provide adequate management reporting and support agency-level policy decisions necessary to carry out fiduciary responsibilities.

Agency financial management systems fall into three categories:

(1) Core financial systems

(2) Other financial and mixed systems, including non-income tax revenue systems

(3) Departmental executive information systems (systems to provide management information to all levels of management).

These systems must be linked together electronically to be effective and efficient. Moreover, systems in all three of these categories likely have dependencies upon and some data exchange relation to other information management systems used by the agency, such as project management systems or performance tracking systems. Summary data transfers must be provided from a wide range of agency systems to central systems to permit summaries of management information and agency financial performance information on a governmentwide basis.

Subject to governmentwide policies, the physical configuration of financial management systems, including issues of centralized or decentralized activities, processing routines, data exchange and management, and organizational responsibility, is a decision best left to the individual agency, which can determine the optimal manner in which to support its mission. As financial management is but one aspect of back office support of each Federal agency's overall mission, it is appropriate to endeavor to develop and operate core financial and other related information systems in concert with one another, enabling consolidation of common requirements and electronic interchanges. In keeping with guidance provided by the Federal Chief Information Officers' (CIO) Council, agencies are recommended to steer toward use of open industry-wide supported standards and nonproprietary interfaces in their architectural designs. The physical design of systems, however, should consider the agency's organizational philosophy, the technical capabilities available, and the most appropriate manner in which to achieve the necessary single integrated financial management system for the agency.

The systems architecture shown in Exhibit 3 provides a finance system-centric logical perspective identifying the relationships of various financial system types. Although this does not necessarily represent the physical design of the system, it does identify agency system types generally needed to support program delivery/financing and financial event processing for effective and efficient program execution. Also, there is a requirement for an agency's financial management systems of record, especially those supporting central agency reporting, to use the U.S. Standard General Ledger (USSGL) Chart of Accounts. The non-income tax revenue system box highlighted in Exhibit 3 signifies the financial interface requirements between an agency's non-income tax revenue and core financial systems—not those associated with the entire non-income tax revenue process.

An agency's financial management system architecture is an important subset of the agency's overall enterprise and IT architecture. Maintaining an agencywide view of systems' development and use is especially critical to discussions involving financial systems' deployment, as an enterprise architecture's primary purpose is to support IT capital investment and help define a direction for future technology acquisitions. Thus, both financial system reporting and expenditure decisions, as well as procurement actions, are necessarily core functions addressed within the business layer of the enterprise architecture. Each agency's core financial systems grow from a set of articulated requirements that are, by definition, relevant to the entire federal enterprise. The degree of integration of all of an agency's systems should be reflected in the design and operational configuration decisions pertaining to its financial system architecture.

Agency Systems Architecture

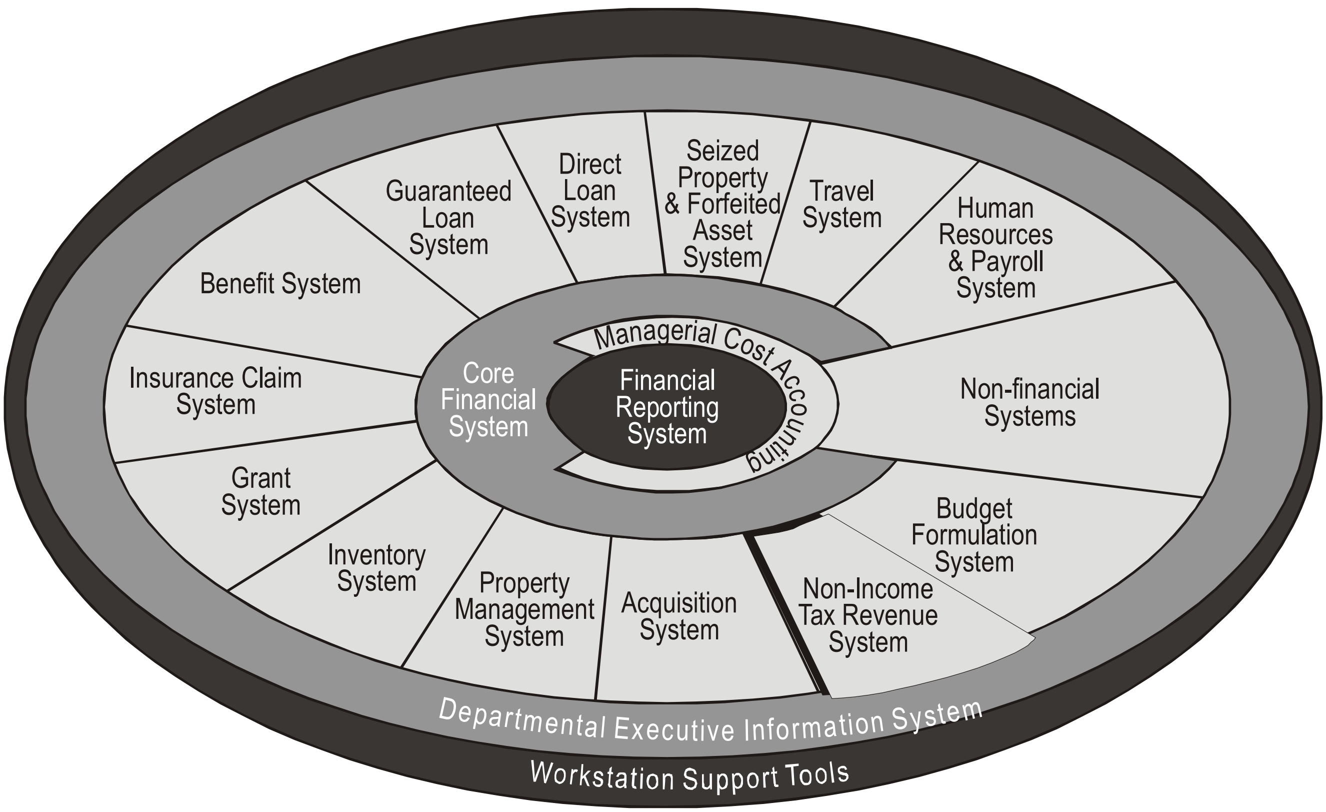


Exhibit 3

Non-Income Tax Revenue System Overview

This section provides an overview of a Non-Income Tax Revenue System in the following sections: Background, Major Functions and Relationship with Other Systems. Over 40 distinct revenue systems exist in over a dozen federal agencies. While some agencies collect relatively small amounts of non-income tax revenue, others collect large quantities and primarily operate on the revenue their programs generate. In SFFAS #7, paragraph 2, FASAB defines revenues as:

"An inflow of resources that the Government demands, earns, or receives by donations"

For purposes of this document, a narrowed use of the concept of "revenue" is needed to clarify the scope and coverage of these requirements. Since the Internal Revenue Service (IRS) is a one of a kind federal agency and its income tax system contains unique functionality, this document covers Non-Income Tax Revenue systems and excludes systems used by the IRS to administer and collect income taxes.

Non-income tax revenue is all revenue except income taxes. However, some agencies collect taxes for the Internal Revenue Service that are not considered "income taxes." These taxes are included in the scope of this document. Revenue from insurance[2], benefits, revaluation of property, plant and equipment and inventory are excluded, and are addressed in other financial systems requirements.

Non-Income Tax Revenue can be either exchange or non-exchange. Exchange revenue and gains are inflows of resources to a government entity that the entity has earned. They arise from exchange transactions, which occur when each party to the transaction sacrifices value and receives value in return. That is, exchange revenue arises when a government entity provides something of value to the public or another government entity at a price.[3]

Examples of Exchange Revenues:

- Sale of goods and services;
- Sale of goods and services in undercover operations;
- User charges, regulatory user fees (i.e. patent, copyright, immigration and consular fees);
- Interest, dividends, and rents (except for mineral rights);
- Rents, royalties, and bonuses on Outer Continental Shelf and other petroleum and mineral rights;
- Proceeds from auctions;
- Interest on delinquent taxes and other receivables that arise as the result of custodial operations;
- Premiums for insurance (outside of medical insurance, pension benefit guarantees and life insurance);
- Premiums of one time fee;
- Reimbursement for collecting revenue (i.e., ATF or Customs collects duties on goods imported from Puerto Rico and the Virgin Islands – Customs retains an amount equal to the estimated cost of collecting these duties);
- Reimbursement for cleanup costs;
- Sale of Government assets: other than property, plant and equipment; seized, forfeited and foreclosed property; and other inventory; or

[2] The Insurance Claims Systems Requirements Document to be published will address collections as revenue.

[3] Statement of Federal Financial Accounting Standards, Number 7, paragraph 33.

- Reimbursement for services.

Non-exchange revenue is inflows of resources to the Government that the Government demands or that it receives by donations.[4]

Examples of Non-exchange Revenues:

- Non-Income based taxes: excise taxes, estate and gift taxes;
- Customs service fees (duties, merchandise processing fee, and user fees);
- Donations (except types of property, plant, and equipment that are expensed);
- Fines and penalties; and
- Penalties due to delinquent taxes in connection with custodial activity.

Mandatory versus Value-added Requirements

Non-Income Tax Revenue System functional requirements are designated as mandatory and value-added. Definitions for these two categories are:

> **Mandatory** – Mandatory requirements describe what the system must do and consist of the minimum acceptable functionality necessary to establish a system, or are based on Federal laws and regulations. Mandatory requirements are those against which agency heads evaluate their systems to determine substantial compliance with systems requirements under the FFMIA. These requirements apply to existing systems and new systems that are planned or under development.
>
> **Value-added** – Value-added requirements describe features or characteristics and may consist of any combination of the following: (1) using state-of-the-art technology, (2) employing preferred or best business practices, and/or (3) meeting the special management needs of an individual agency. Value-added, optional, and other similar terminology may be used to describe this category of requirements. Agencies should consider value-added features when judging systems options. The need for these value-added features in agency systems is left to the discretion of each agency head.

Within this document, mandatory Non-Income Tax Revenue system requirements are indicated by the word “must”; value-added system requirements are identified by use of the words “should”. Any system used to administer future Federal Non-Income Tax Revenue programs that may be established subsequent to the issuance of this document will also be subject to these system requirements. Requirement nomenclature uses the initials of the functional category ollowed by a number for ease of reference (i.e. the first requirement in the Transaction Validation section is TV-1).

[4] Statement of Federal Financial Accounting Standards, Number 4, Appendix K

Non-Income Tax Revenue System Major Functions

The major functions typically performed by a Non-Income Tax Revenue System are listed below. The Functional Requirements section contains a detailed description of each function. Requirements described in this document can be accommodated in multiple software applications or by using the functional capability of other systems.

A Non-Income Tax Revenue System tracks the life of revenue from initial order, processing and output to maintain a complete history of financial activity relating to those receipts. The Federal Non-Income Tax Revenue System primarily consists of 22 major functions and the data processed by those functions. These functions are:

1. **Customer Order Options**
2. **Remittance Options**
3. **Cashier Function**
4. **Proprietary Accounting**
5. **Budgetary Accounting**
6. **Deposit Account Function**
7. **Transaction Validation**
8. **Collection Process**
9. **Revenue Recognition**
10. **Receivable Management Process**
11. **Bill Generation**
12. **Debt Management**
13. **Revenue Estimation**
14. **Automated Reconciliation**
15. **Performance Measurement**
16. **Internal and External Reporting**
17. **Audit Trails**
18. **On-Line Query Capability**
19. **Ad-Hoc Query Capability**
20. **Records Retention**
21. **Interface**
22. **Security**

Each of the listed functions is addressed in detail in the Functional Requirements section. It is important to note that certain functions, such as receivables management, may be performed completely or partially by other systems that are not solely dedicated to supporting Non-Income Tax Revenue programs (e.g. core financial system). If these functions are performed by other systems, those systems are subject to and must also perform the appropriate requirements specified within the related functional area of this document.

Relationship with Other Systems

Exhibit 4 shows how a Non-Income Tax Revenue System relates to other external and internal agency systems. There are various ways a Non-Income Tax Revenue System may be designed and configured.

Path of Non-Income Tax Revenue

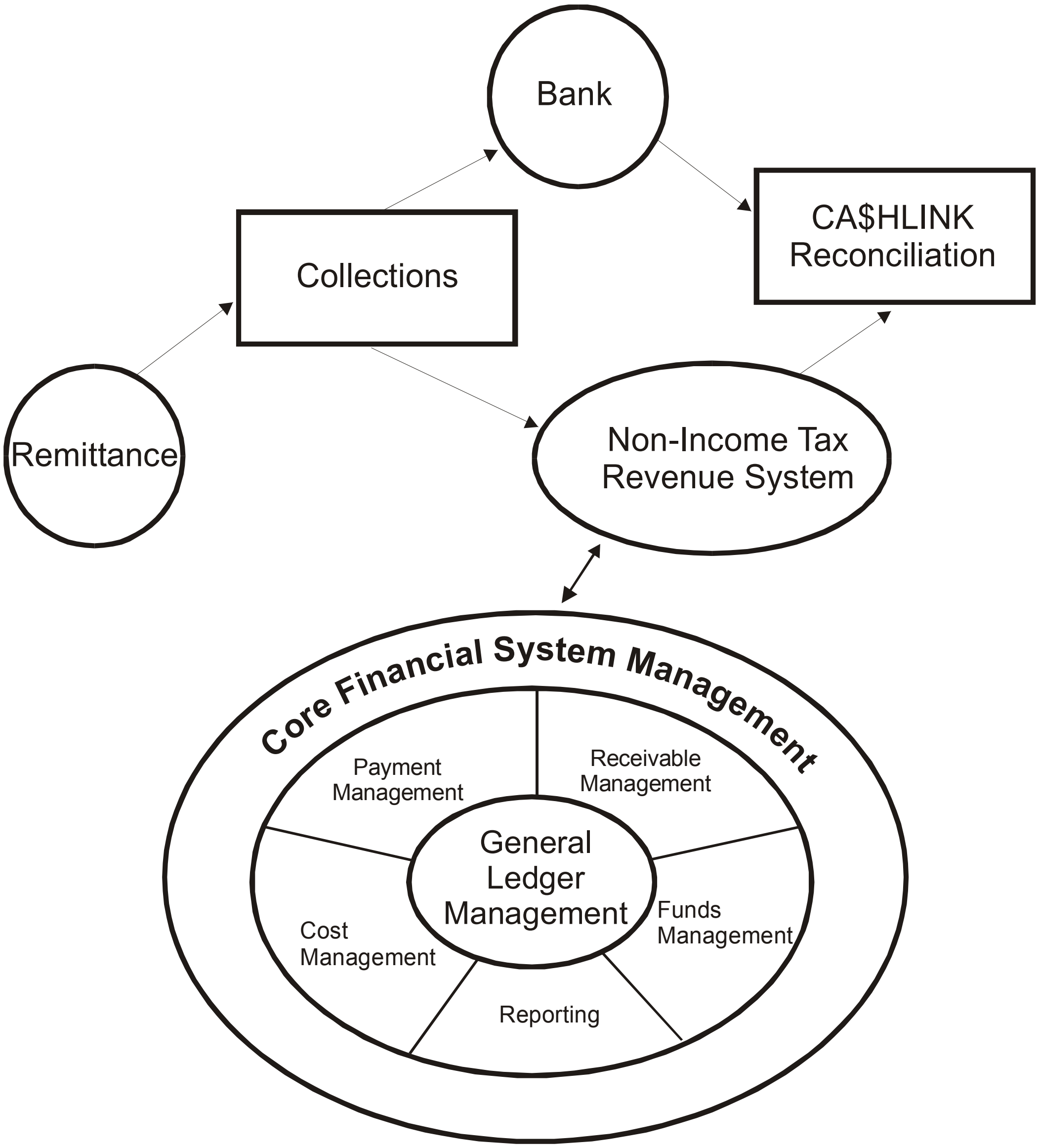


Exhibit 4

In order to visualize the "usual" flow of exchange and non-exchange financial events that may result in earned non-income tax revenue, Exhibit 5 below delineates transaction flow via Input, Process, and Output:

Non-Income Tax Revenue Transaction Flow: Input, Process, Output

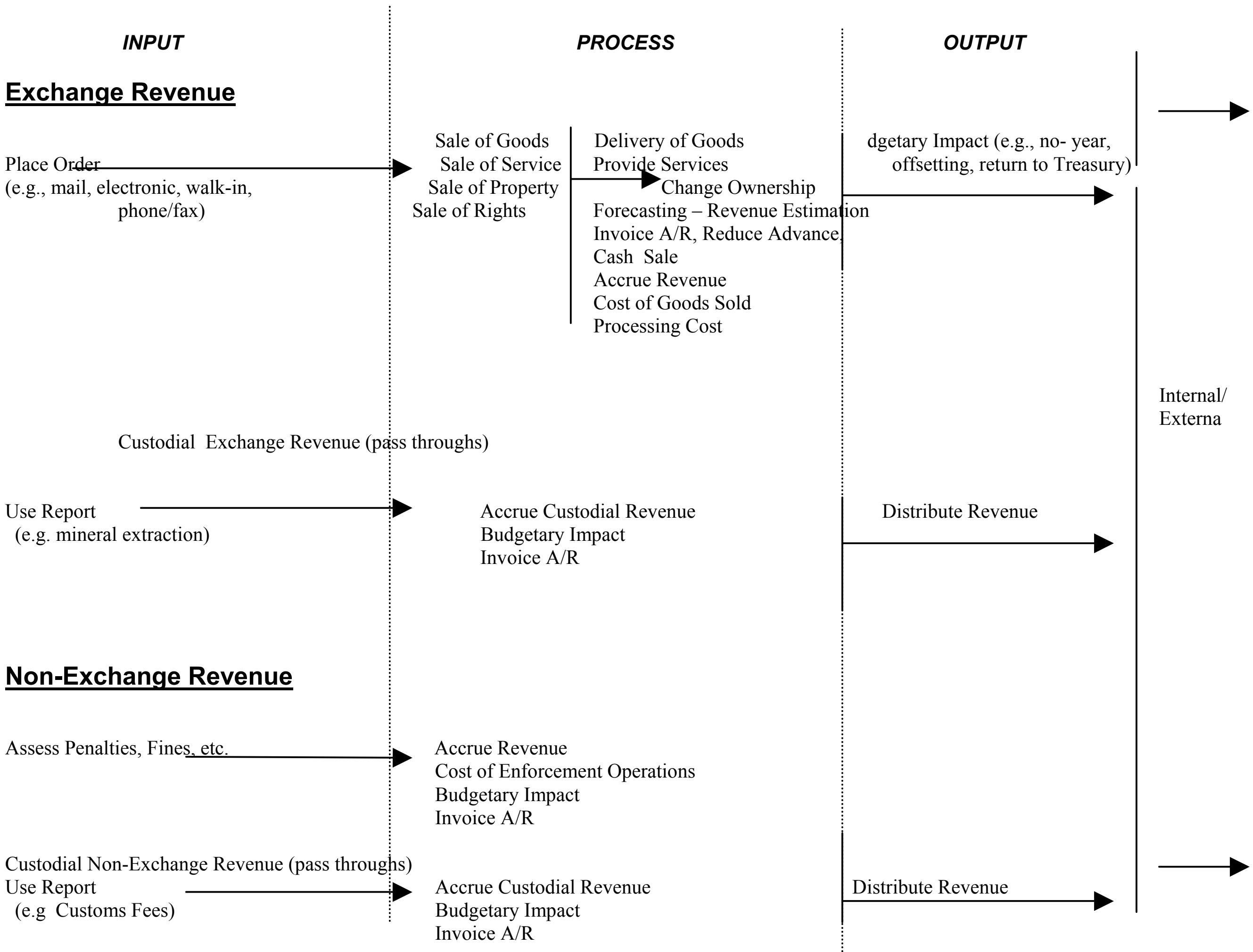


Exhibit 5

Notes:
- Revenue generating events generally require close relationships with the core system, receivable management, asset management, inventory, cost accounting, and budget execution functions.

Functional Requirements

For purposes of describing Federal Non-Income Tax Revenue System Requirements, this section outlining functional system requirements has been segmented into four sub-parts to reflect the sequence of activities to process revenues. The sub-parts are **Input, Process, Output** and **Reporting**. Security and Interface requirements transcend this sequence of activities and as a result, are placed at the end of the functional requirements section.

Value-added requirements consistent with the direction established by the President's Management Agenda, particularly in the area of creating a citizen based e-Government, are included in various sections. Non-Income Tax Revenue Systems, in efforts to simplify the delivery of services to citizens, can: "make it easy for citizens to obtain service and interact with the federal government; improve government efficiency and effectiveness; and improve government's responsiveness to citizens."[5] By enhancing e-Government channels between the customer and agency, Non-Income Tax Revenue Systems become more citizen centered and more efficient.

Significant governmentwide statutes, regulations, and guidance documents address the proper handling of Federal revenue/collections programs and the attendant recording of financial transactions in an agency's USSGL within the Core Accounting System. In addition to the "generic" governmentwide authoritative references, there are also many specific statutory authorities and/or regulations that relate to very specific non-income tax revenue programs. It is critically important to identify all of the related authoritative sources (generic and specific) for a particular program when considering a system that will be expected to properly recognize and record revenues and related accounting events. For ease of reference, Appendix A summarizes significant governmentwide authoritative references that have been consulted in the preparation of this document.

Input

Input into a Non-Income Tax Revenue System begins with a financial event that will result in the recognition of exchange revenue or non-exchange revenue, and includes variations for custodial exchange revenue or custodial non-exchange revenue. A financial event can be in the form of a financial remittance (voluntary or on demand), customer order, reimbursable service agreement, fine/penalty, or similar action that will cause an inflow of cash. Please note however, that not all collection actions will result in the recognition of revenue; for example, refunds of overpayments, non-expenditure transfers (receiving agency), returns of unused cash advances, advance payments received by the provider agency for a future service, or a payment for an outstanding receivable or a loan are not revenue. These transactions would be recorded directly in the core financial or other systems. The revenue system must be able to record collections representing revenue transactions, refund overpayments and provide advances for reimbursable work. This sub-part identifies requirements to support:

a) customer order options,
b) remittance options,
c) cashier function,
d) fundamental proprietary and budgetary accounting USSGL postings.

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[5] E-Government Strategy, Mark Forman, Associate Director for Information Technology and E-Government, Primary goals for the President's "Expanding E-Government" initiative.

Customer Order Options

The phrase “customer order” in this context signifies an order received and accepted by the performing activity from a customer. It is written documentation that certain goods and services will be provided to the tenderer of the order for a specified amount.[6] The following “customer order” or “customer request” options cover the full spectrum of ordering possibilities; these are:

a) In person (Walk-Up);
b) Telephone or Fax;
c) Electronic; and
d) Mail.

Mandatory Requirements

To support customer order options, the Non-Income Tax Revenue System **must** provide the capability to:

- Process and track orders to determine order status and allow for detailed (by customer) and batched information. Customer order data is to be retained to capture an order’s entire history for handling inquiries and providing an audit trail. Also, customer order data is to be filed in accordance with National Archives and Records Administration regulations for the required time frames based on the type of record and activity. (CO-1)

Value-added Requirements

To support the Customer Order Options, the Non-Income Tax Revenue System **should** provide the capability to:

- Receive customer orders via Internet with the following characteristics:

  - A graphical user interface to facilitate preparation of forms for electronic acceptance and bills for electronic direct billing with only a minimum of programming knowledge needed by the person responsible for preparing the form or bill;
  - Electronic availability of all instructions, notices, disclosures, laws, regulations and other information included or associated with a form or bill; and
  - Comparability between Web based forms, bills and paper counterpart. (CO-2)

Provide an integrated customer management relationship to establish a single view of account information. (CO-3)

[6] Statement of Federal Financial Accounting Standards, Number 4, Appendix K

Remittance Options

Remittance includes the following remittance options:

a) Cash, check, and money order – all of which can be in foreign currency;
b) Electronic including Automated Clearing House (ACH), Electronic Funds Transfer (EFT), FedWire, Intra-governmental Payment and Collection System (IPAC), Pay.gov, Credit Card, and Lockbox;
c) Prepayment/advances (i.e., funds advanced by customers in requesting an order/service -- advance balances are reduced for goods upon delivery receipt and inspection, and for services based upon deliverables or on accrual estimates/cost reports); and
d) "On account", i.e., an account receivable is established and invoice generated.

Mandatory Requirements

To support revenue tracking and various methods of payment, the Revenue System **must** provide the capability to:

- Maintain a customer record containing:

  - Unique Order Sequence ID;
  - Agency Location Code (ALC for Deposit transactions for Federal customers only);
  - Treasury Account Fund Symbol (TAFS);
  - ALC at the transaction level;
  - Customer name;
  - Customer ID number;
  - Customer type (federal agency, state/local government, commercial entity, individual, employee);
  - Taxpayer Identification Number (TIN);
  - Customer addresses, i.e., physical, mailing, email and billing;
  - Contact name;
  - Contact telephone number;
  - Federal vs. Non-Federal indicator;
  - Six-digit Trading Partner code;
  - Internal Revenue Service (IRS) 1099-C indicator (For non-Federal Accounts Receivable needed in case of debt write-off);
  - Comment field;
  - Date of last update;
  - User ID of last update;
  - Order Type Indicator (i.e., walk up; phone; fax; electronic; mail);
  - Method of Payment (US $ only, cash, check, money order, electronic payment, charge or credit card, debit card, advance reduction, and on account);
  - Amount received;
  - Date payments received;
  - Unfilled Customer Orders (for use when funds are received with a delay in filling the customer's order.);
  - custodial or non-custodial;
  - Exchange or non-exchange; and

- Date order filled and revenue "earned". (RO-1)

Value-added Requirements

To support Remittance Options, the Non-Income Tax Revenue System **should** provide the capability to:

- Alert customers holding outstanding or overdue accounts and alert both customer and internal users. (RO-2)

Create and maintain a "Personalized Page" that allows users to access and track program specific information including information on payment options, amounts due, payment history and laws mandating reason for and use of payment. (RO-3)

Cashier Function

A collection process may require one or more “cashier” functions. Cashiers are responsible for safeguarding cash and negotiable instruments while in their custody and expeditiously depositing cash and negotiable instruments in a financial institution sanctioned by the U.S. Treasury. Sound internal controls including separation of duties between personnel are paramount in cash handling and cashier operations. Detailed deposit requirements for cash, checks, money orders, Automated Clearing House (ACH) receipts, credit cards and so forth are prescribed by the U.S. Treasury in the *Treasury Financial Manual* (TFM) Volume 1 Parts 5 & 6. The TFM is available on-line, the website is: **www.fms.treas.gov/tfm/index.html.** Typical steps of a cashier function include:

a) batching the collections by payment type;
b) preparing a deposit slip (SF 215 or equivalent specifying the Agency Location Code);
c) directing the accompanying “customer orders” to their program office for fulfillment;
d) entering accounting and order tracking system data; and
e) performing daily reconciliation with the U.S. Treasury via the CashLink System (to be replaced by Ca$hLink II) is essential to ensure that funds are deposited promptly in the appropriate financial institution.

<u>Mandatory Requirements</u>

To support the cashier function, the Revenue System **<u>must</u>** provide the capability to:

- Identify the Treasury Appropriation Fund Symbol (TAFS) for which the deposit is being made. (CF-1)
- Recognize and classify collections in the proper budgetary categories. Record and control all prescribed types of budgetary authorities relative to earned and unearned revenue or cash collections (both cash and accrual basis), including spending authority from offsetting collections. (CF-2)
- Recognize and record advance payments received. (CF-3)
- Recognize and record cash donations as non-exchange revenue. (CF-4)
- Perform transaction cross-referencing in which a user can perform a query to locate the details of associated transactions in the processing "chain" (e.g., querying on a receivable would provide any associated cash receipts). (CF-5)
- Track funds at various levels based on required elements of the accounting classification and project/program accounting structure. (CF-6)

<u>Value-added Requirements</u>

There are no value-added requirements for this process.

Proprietary and Budgetary Accounting

Generally, accrual accounting concepts are used, i.e., revenue is to be recognized (earned) when service, product, or other revenue activity is completely or constructively rendered. However, some activities may be on a cash basis; i.e., when cash is received rather than when the product or service is delivered. This requirement includes the posting of debits and credits to the appropriate USSGL accounts to support accrual accounting and financial reporting showing actual financial position and results of operations by accounting for assets, liabilities, net position, revenues and expenses. A revenue generating financial event could occur on a(n):

a) Immediate basis, when a “face-to-face” interaction occurs, either for an exchange (e.g., paying for the privilege to visit a National Park) or non-exchange transaction (e.g., donation to the conscience fund);
b) Shipment basis, when an item from inventory shipped (e.g., purchase of office supplies from the General Services Administration, proof coins from the U.S. Mint);
c) Periodic basis, when services provided in whole or part over time (e.g., performing payroll services on an on-going cross-service basis);
d) Actual Use basis, when extracting a resource from Government lands, using airspace or shorelines (e.g. timber, microwave spectrum, mineral extractions, airplane flyovers); or
e) Enforcement action, when administering a fine, assessment, collection action or penalty.

Budget execution consists of processes needed to ensure that the agency’s fund control systems are fully supported by its accounting systems. It also consists of processes needed to track an agency’s budget authority and manage prior-year funds in the current fiscal year. Allotments are designed so that responsibility for budget control is placed at the lowest practical organizational level. Since revenues/collections can have an impact on budgetary authority, the revenue system must track and pass through to the core financial system data from revenues and collections and properly recognize the budgetary impact for Reimbursable Activities, Revolving Funds, and Offsetting and Non-Offsetting Collections. This process records an agency’s budgetary resources and supports the establishment of budgetary limitations at each of the levels required within the agency (e.g., apportionments, allotments, and allocations). The higher levels such as appropriation, apportionment and allotment have the weight of legal authority behind the limitations. Lower levels of control are generally used for internal management purposes.

Mandatory Requirements

To support proprietary and budgetary accounting functions of the USSGL, the Revenue System **must** provide the capability to:

- Allow internal users to indicate whether the revenue is exchange or non-exchange and whether the collecting entity retains the revenue or transfers it to others. And, allow internal users to determine whether the revenue is from the public or from another Federal Government entity.
  - Exchange revenue must be recognized within the same reporting period the entity provides goods or services to the public or another Government entity (accrual accounting).
  - For services, revenue should be recognized when the services are performed.
  - For specific goods made to order under a contract or services produced under a contract, revenue should be recognized in proportion to estimated total cost when

goods and services are acquired to fulfill the contract.
- For goods kept in inventory, revenue should be recognized when the goods are dropped from inventory (shipped) to the customer. (BPA-1)

- Record the actual price that is received or receivable under the established pricing arrangements. A receivable should be recorded if cash has not been received and an appropriate allowance should be established. Unearned revenue should be recorded if amounts have been received, but goods or services have not yet been provided. (BPA-2)

- Match revenue with costs for determining the net cost of operations. The components of net cost should also include the gross cost of providing services that did not earn exchange revenue. If the collecting entity transfers the exchange revenue it should account for that revenue as a custodial activity. (BPA-3)

- Properly classify revenue and inflows to facilitate preparing financial statements that meet the Federal financial reporting objectives. In order to measure performance, exchange revenue must be matched with costs whereas non-exchange revenue is not matched with costs because they are not earned in the operations process. (BPA-4)

- Recognize non-exchange revenue when the entity establishes a specifically identifiable, legally enforceable claim to cash or other assets, to the extent that the collection is probable and reasonably measurable. (BPA-5)

- Taxes and duties also should be measured on the cash basis, and the cash basis amount(s) should be shown in conjunction with the accrual amounts recognized. The source and disposition of revenue from taxes, duties, and related fines, penalties, and interest should be measured by the collecting entities in a manner that enables reporting of (1) cash collections, refunds, and the "accrual adjustment" necessary to determine the total revenue and (2) cash or cash equivalents transferred to each of the recipient entities and the revenue amounts to be recognized by each of them. (BPA-6)

- Provide extensive disclosures for estimating future cash flows and for overseeing their custodial responsibilities. For proper disclosures for non-exchange revenue, the following must be disclosed:

    - Basis of Accounting;
    - Factors affecting collectibility (non-voluntary collections are more difficult than donated ones);
    - Distinction of the categories of accounts receivable (accrual, cash, modified cash) and the amounts involved;
    - Include self-assessments, or post-audits, by customer (or importers), penalties, interest, unearned revenues, refunds, refund offsets and drawbacks, abatements, accounts receivable written off during the reporting period as uncollectible, and provisions made to the allowance for uncollectible amounts;
    - Cumulative cash collections and refunds by year and type. (BPA-7)

- Account for (1) trust funds legally entitled to excise taxes collected, (2) trust funds legally entitled to receive Social Security taxes accrued, (3) collection entities entitled to retain revenue, and (4) general fund, the amount collected should be accounted for as a custodial activity by the collecting entity. (BPA-8)

- Account for fines and penalties – the point in time when a claim to resources arises will depend on the nature of the fine and the associated legal and administrative processes. (An allowance for uncollectible accounts should be recognized as a revenue adjustment and determined in accordance with other standards.) (BPA-9)

- Recognize revenue arising from donations for those inflows of resources that meet recognition criteria for assets and should be measured at the estimated fair value of the contribution. (BPA-10)

- Record the total amount of billing offset against advance payments received and automatically liquidate the advance amount recorded in the core system based on billings generated from the Non-Income Tax Revenue system either partially or fully, to interface with the core and allow the recording of refunds of amounts advanced, if necessary. (BPA-11)

- Provide control features that ensure that the amounts reflected in the fund control structure agree with the related general ledger account balances at the end of each update cycle. (BPA-12)

- Establish interface with core system for updates of advances from accounts in the core system, as well as related billings and accounts receivable data. The Non-Income Tax Revenue System must verify that the billing amount to the customer does not exceed the amount authorized by the reimbursable agreement when applicable prior to generating bills and recognizing revenue. (BPA-13)

- Record and maintain reimbursable agreements (e.g., inter-agency agreements, memorandums of understanding) so that monthly, quarterly, and fiscal year-to-date as well as inception-to-date information can be presented. (BPA-14)

<u>Value-added Requirements</u>

There are no value-added requirements for the proprietary and budgetary accounting functions.

Process

After the financial data from revenue is entered, the Revenue System performs a variety of tasks (i.e. processing of orders, administration of a fine or penalty). In order to perform these functions, the system must be able to verify whether orders can be filled, how the service is delivered, how and when it is recognized, check to see if the payment amount is correct, if there is a refund due to the customer, and produce the necessary bills recording the transaction history. This section deals with functions from the end of input to the beginning of output of a Non-Income Tax Revenue System.

Deposit Account Function

The following requirements identify activities used to provide support in maintaining deposit accounts. Deposit accounts can also be funds deposited outside of Treasury. All deposit funds are deposit accounts, but not all deposit accounts are deposit funds. Advances are amounts of money prepaid to a Federal Government account (fund) for the later receipt of goods, services, or other assets, or as matching funds (OMB Circular A-11 12.2). When an advance is required, the budgetary resource provided by the order is denominated by the cash accompanying the order. The advance, per se, is not available for obligation. If both the order and the advance were to be available for obligation, budgetary resources would be double-counted.

Deposit advance with orders in the appropriate appropriation/fund or receipt account. Deposit advances without orders as follows:

If the advance is from:	Then deposit the advance in:
- A non federal source	- Deposit fund account (6500)
- A federal source	- An intragovernmental clearing account (F3885)

Mandatory Requirements

To support the Deposit Account Function, the Non-Income Tax Revenue System **must** provide the capability to:

- Create a new deposit account (escrow account) record with data element fields to record account history and activity. Examples of data fields include: customer type, service type, deposit account number; deposit account type; name of account holder; attention line; miscellaneous line; street address; city; state; country; zip code; account name; contact telephone number; contact fax number; authorized user (DAS-1).

- Provide access to update deposit account records for both active and inactive deposit accounts. Modifications to any deposit account data will be date effective and will allow for "to be effective" transactions (DAS-2).

- Close a deposit account. The system will record the disposition of any remaining balance. Closed deposit account records will be archived (DAS-3).

- Process remittances to and charges against a deposit account. Remittances will be processed in the same record format as a payment (DAS-4).

- Maintain a "running" balance for each deposit account that is updated after each remittance or charge. The "running" balance will be "locked" while each transaction is being processed. No additional transactions or inquiries may be processed while the "running" balance is "locked" (DAS-5).

- Provide monthly statements of transaction activity in paper and/or electronic form (DAS-6).

- Notify customers (if specified) if their deposit account balance drops below a certain dollar amount. (DAS-7).

- Validate accounts by not accepting a transaction for a charge against a deposit account until the system has determined that the account number is valid, not delinquent, and has a sufficient balance to cover the charge. If the balance is not sufficient to cover the charge, the system must send notification to the customer and a notice permitting/delaying service to be rendered. Any deposit account transaction that causes an overdrawn balance without notification shall be rejected by the system (DAS-8).

<u>Value-added Requirements</u>

To support the Deposit Account Support activity, the Non-Income Tax Revenue System **<u>should</u>** provide the capability to:

- Apply penalty charges for deposit account balances that fall below a predetermined level at any point in time or at a predetermined point, such as at the end of a month. The predetermined level and assessment date may vary by deposit account type. These penalty charges shall be automatically assigned by the system. (DAS-9)

Transaction Validation

OMB Circular No. A-127 requires common processes to be used for processing similar kinds of transactions throughout an integrated financial management system to enable transactions to be reported in a consistent manner. The Non-Income Tax Revenue System must ensure that all transactions are handled consistently, regardless of their point of origin. It also must ensure that all transactions are controlled properly to provide reasonable assurance that the recording, processing, and reporting of financial data are properly performed and that the completeness and accuracy of authorized transactions are ensured. The following set of requirements identifies functions to accomplish these objectives.

Mandatory Requirements

To support the Transaction Validation activity, the Non-Income Tax Revenue System **must** provide the capability to:

- Comply with USSGL posting rules and update appropriate documents and any related tables, when accounting transactions are recorded in a subsidiary ledger within the Non-Income Tax Revenue system. Use standard transactions when recording accounting events. (TV-1)

- Interface with the core financial system to record transactions consistent with USSGL posting rules. (TV-2)

- Allow users to define and maintain standard rules that control subsidiary ledger account postings for all accounting events when accounting transactions are recorded in a subsidiary ledger within the Non-Income Tax Revenue system. The process of defining posting rules can be accomplished in a variety of ways, including (but not limited to) using: transaction codes, screen "templates," derivation rules, and others. (TV-3)

- Enable users to selectively require, omit, or set a default value for individual accounting classification elements. (TV-4)

- Interface with the core financial system to update all applicable general ledger account balances (i.e., budgetary, proprietary and memorandum accounts) based on a single input transaction. (TV-5)

- Interface with the core financial system to define, generate and post compound general ledger debit and credit entries for a single transaction. (TV-6)

- Allow users to define and process system-generated transactions, such as automated accruals (e.g., interest accrual entries), pre-closing and closing entries, and transactions that generate other transactions in those cases where a single transaction is not sufficient. (TV-7)

- Liquidate (automatically), partially or in full, the balance of open documents by line item. This capability will be used in the liquidation of various documents such as receivables and advances, upon the processing of subsequent related transactions (e.g., liquidate a receivable upon entry of the corresponding collection). (TV-8)

- Control the correction and reprocessing of all erroneous transactions through the use of error/suspense files. Erroneous transactions must be maintained until either corrected and posted or deleted at the specific request of a user. (TV-9)

- Provide immediate, on-line notification to the user of erroneous transactions. Advise reason for error and provide the ability to enter corrections on-line. (TV-10)

- Provide controls to prevent the creation of duplicate transactions. For example, prevent the use of the same unique transaction identification number (e.g., document number). (TV-11)

- Provide a warning message when the user attempts to input a check number that has already been recorded for the related debtor. (TV-12)

- Validate the fields for all accounting classification elements required to process the transaction prior to posting. For example, fields pertaining to TAS/TAFS, revenue source, invoice number, debtor or customer code and organization. (TV-13)

- Enter, edit, and store transactions in the current accounting period for automatic processing in a future accounting period. (TV-14)

- Place transactions in a hold status (saved, but not processed or posted) within the Non-Income Tax Revenue System (i.e., importing transactions from a spreadsheet or database application is not acceptable or allow users to select held transactions and continue processing at a later date.) (TV-15)

- Capture the six-digit trading partner code (as specified by Treasury) when processing all transactions that directly involve another Federal entity (i.e., both parties to a transaction are Federal entities). (TV-16)

- Capture transaction dates (effective date of the transaction) and posting dates (date transaction forwarded to core financial system or posted to the general ledger). (TV-17)

- Determine (automatically) the posting date from the system date for all transactions. Automatically associate a default accounting period for each transaction, but allow authorized user to override. (TV-18)

- Reverse (automatically with prior discretion of user) entries by the following parameters: transaction or document type, date range, schedule numbers, transaction identification number (i.e., document number) range, and trading partner. (TV-19)

- Permit posting to the current and prior months concurrently until the prior month closing is complete while interacting with the core financial system within that fiscal year. (TV-20).

- Post to the current fiscal year and prior fiscal year concurrently until prior yearend closing is complete while interacting with the core financial system within that fiscal year. (TV-21).

- Record different transaction types at the detailed transaction level. (TV-22)

- Validate that all deposits to a receivable or unbilled revenue account balance to the total of the deposit. (TV-23)

- Employ appropriate edits at the point of entry to ensure that all required data have been entered and to validate the accuracy of the data prior to acceptance (TV-24);

- Record the user's identification as part of the transaction record (TV-25);

Value-added Requirements

To support the Transaction Validation activity, the Non-Income Tax Revenue System **should** provide the capability to:

- Allow the user to include proprietary, budgetary and memorandum accounts in the definition of a standard transaction. (TV-26)

- Reject a transaction or provide a warning message when attempting to post a transaction that would cause general ledger debits and credits to be out-of-balance at a level below the TAS/TAFS (e.g. organization level). (TV-27)

- Perform validation checks for use of certain general ledger accounts associated with specific Record Type 7 authority (e.g., Cashiers fund, borrowing authority) prior to posting a transaction. (TV-28).

- Process and track transactions in both foreign currency and U.S. dollars. (TV-29).

- Calculate progress payments to foreign vendors based on current exchange rates. (TV-30)

- Determine that the account number is valid, the credit card has not expired, and there is sufficient credit available to cover the charge. Any credit card transaction that does not meet these criteria will be declined by the system. (TV-31)

Collection Process

The Collection Process supports activities to record the receipt of funds either by currency (e.g., cash, EFT) check, Intra-governmental Payment and Collection System (IPAC) or credit card and the deposit of such funds in accordance with Treasury and agency regulations. The process also provides for the receipt of payment offset information from Treasury and its application to the appropriate accounts receivable.

Mandatory Requirements

To support the Collection Process, the Non-Income Tax Revenue System **must** provide the capability to:

- Record the application of complete and partial payments made by the debtor on a delinquent debt to administrative fees, penalties, interest, and then to principal, unless otherwise stated in program statute. (CP-1)

- Record revenues for collections for which no receivable was previously established. (CP-2)

- Apply collections back to the specific account contract or purchase order award to reduce "or liquidate" cumulative payments and expenditures (e.g., upon the refund of erroneous payments.) (CP-3)

- Record information associated with a collection at the time funds are applied to an open receivable document, including the deposit ticket number and date, ALC code, TAS/TAFS and accomplish date. (CP-4)

- Apply collections to more than one receivable. (CP-5)

- Re-open closed accounts to record collections after a waiver or write-off of a receivable has been recorded. (CP-6)

- Process SF-5515 debit, SF 215, charge backs, canceled payments or insufficient funds, to reduce revenue or to reduce revenue and create a receivable. (CP-7)

- Provide the ability to reduce revenue with a miscellaneous adjustment (i.e. journal voucher). Example, debit voucher/bank adjustment not related to a returned check reduced deposit total. (CP-8)

- Maintain customer account information for statement of all transactions and to support billing, reporting and research activities, including, at a minimum:

    - Account number unique to each transaction (not just unique to customer);
    - Account balance;
    - Associated customer ID number;
    - Date due and age of accounts receivable;
    - Accounting classification code (strip); and
    - Reimbursable order number, etc., where applicable. (CP-9)

- Process a receipt against an established receivable and close or liquidate the receivable if payment is in full. Leave the receivable open if not paid in full. (CP-10)

Value-added Requirements

To support the Collection Process, the Non-Income Tax Revenue System **should** provide the capability to:

- Record the reduction against an advance made to others in connection with a reimbursable agreement (RA) when you are the client agency and you receive cash back (via IPAC) from the performing agency representing a return of excess advance. (CP-11)

- Record the receipt of an advance from others and associate it with the RA. (CP-12)

- Create a deposit record for a deposit ticket. Info to include:

  - Deposit ticket number (should be able to accommodate an agency assigned number and the Treasury assigned number);
  - Deposit ticket date;
  - Deposit ticket amount;
  - ALC;
  - Entry date;
  - Treasury confirmation date;
  - User ID – for establishing ticket; and
  - User ID – for closing ticket. (CP-13)

- Provide the ability to record a receipt, part of which is revenue to the collecting agency, the remainder of the receipt is revenue to other agencies with which the receipt is shared. Example INS collects fees for H-1B visas and retains a small percentage and shares with other agencies. (CP-14)

Revenue Recognition

The Revenue Recognition function provides for the re-classification of revenue transactions into earned and unearned receipts.

Mandatory Requirements

To support the Revenue Recognition function, the Non-Income Tax Revenue System **must** provide the capability to:

- Support standard transactions to adjust earned revenue based on adjustments to receipts (returned checks or credit card charge backs) and refunds (errors in service processing or return of purchased products). (RR-1)
- Process a receipt against a holding/suspense account that will be researched at a time in the future. (RR-2)
- Support transactions to record revenue based on sales of products or services, where the products or services are delivered prior to or concurrent with the payment. (RR-3)

Value-added Requirements

To support the Revenue Recognition Process, the Non-Income Tax Revenue System **should** provide the capability to:

- Support standard transactions that allocate receipts to unearned revenue (e.g. allow for entry of receipts to a deferred revenue account, either on an individual transaction basis, or for a class of transactions based on predefined attribute or combination of attributes, such as revenue source code.) (RR-4)
- Support standard transactions that provide for subsequent reclassification of prior receipts to earned revenue based on some triggering event or action. Example: completed processing of an application allows agency to treat application fee as earned revenue. (RR-5)
- Support the reclassification of prior receipts to earned revenue based on incremental triggering events. For example, a 4-step application process, allows the agency to earn 25 per cent of the fee as earned revenue as each step is completed. (RR-6)

Receivable Management Process

The Receivable Management Process supports activities to record receivables in the system as they are recognized and to produce bills for amounts due to the agency. A receivable is recognized when an agency establishes a claim to cash or other assets against other entities.

Mandatory Requirements

To support the Receivable Management Process, the Non-Income Tax Revenue System **must** provide the capability to:

- Record the establishment of receivables along with the corresponding revenues. (RMP-1)
- Accept transactions that generate receivables from other systems in a standard format for entry into the Non-Income Tax Revenue System. (RMP-2)
- Identify multiple types of bills (e.g., overpayments, user fee based) and the supporting data used to verify the specific charges. (RMP-3)
- Establish receivables to be paid under installment plans, including plans for which payments have been rescheduled. Generate flexible repayment schedules for delinquent indebtedness. (RMP-4)
- Record billings and collections by line item in order to identify unique accounting classification codes. (RMP-5)
- Support bills and collections between Federal agencies through the use of electronic systems such as IPAC. Provide supporting data to agencies billed which can be used to verify the charges. (RMP-6)

Value-added Requirements

There are no value-added requirements for the Receivable Management Process.

Bill Generation

The Bill Generation process supports activities to produce bills for amounts due to the agency. A bill is notification of an amount due to a federal agency for a service or product.

Mandatory Requirements

To support the Bill Generation process, the Non-Income Tax Revenue System **must** provide the capability to:

- Generate bills to customers based on accounts receivable calculation, event and time period, and type of claim. Bases used for billing may include:
  - Percentage of reimbursable obligations, accrued expenditures, or costs, using data recorded by the cost accumulation function;
  - Fee schedules for goods or services provided; and
  - Payment schedules or other agreements with other entities. (BG-1)

- Identify multiple types of bills (e.g., overpayments, user fee based) and the supporting data used to verify the specific charges. (BG-2)

- Provide the capability to automatically calculate additional customer charges (e.g., interest) using user-defined criteria and automatically generate separate line item to reflect charges on the bill. (BG-3)

- Record billings by line item in order to identify unique accounting classification codes (BG-4)

- Support bills between business partners (e.g. through the use of electronic systems such as IPAC) and provide supporting data to agencies billed which can be used to verify the charges. (BG-5)

- Reverse a bill issued non-IPAC, and reissue the bill via IPAC and vice versa. (BG-6)

- Print bills, accommodating the generation of standard forms. Allow for customized text in generating billing documents. (BG-7)

- Date bills with a system-generated date or with the date supplied by the user. (BG-8)

- Consolidate multiple accounts receivable for a customer onto one bill. (BG-9)

- Allow transactions related to manually prepared bills to be entered by authorized personnel. (BG-10)

- Provide the capability to allow adjustments to billing data prior to billing. (BG-11)

- Record adjustments to bills and post to customer accounts. (BG-12)

- Provide the capability to store billing supporting information. (BG-13)

- Perform on-line “drill downs” from general ledger summary balances to detail transactions and referenced documents. (BG-14)

- Provide the capability to include descriptive information on individual bills. (BG-15)

- Provide the capability to generate bills based on manually input data. (BG-16)

Value-added Requirements

To support the Bill Generation process, the Non-Income Tax Revenue System **should**:

- Sort and summarize billing line item information, using user-defined criteria. (BG-17)

- Provide the capability to maintain, on-line, all activity related to the customer including date of last update, last date customer contact made, at document level. (BG-18)

- Provide the capability to allow customers to access their bills via the Internet. (BG-19)

- Provide the capability to generate recurring billings with pre-defined customer and amount information. (BG-20)

Debt Management

The Debt Management process involves the maintenance of account information on individual accounts receivable. The process supports activities to: age receivables; calculate interest and record penalties and administrative charges on overdue debt; pursue collection of amounts due; liquidate receivables; record adjustments to receivables; maintain a proper allowance for uncollectible amounts; and record write-offs.

Mandatory Requirements

To support the Debt Management process, the Non-Income Tax Revenue System **must** provide the capability to:

- Maintain data on individual receivables and referenced transactions supporting the receivable. (DM-1)

- Maintain accounts for reimbursable orders and identify Government and non-government accounts that are designated as advance funding. (DM-2)

- Update each customer account when: billing documents are generated; collections are received; interest, penalty or administrative fees are applied, and when amounts are written-off or offset. (DM-3)

- Calculate interest and penalty charges using the appropriate Treasury Late Payment Charge rate and user-defined criteria (e.g., customer, customer type). Automatically generate a separate line item for interest charges on the customer bill. (DM-4)

- Allow the user to specify administrative and penalty amounts and record these amounts to different accounting classification elements for which the principle amount is recorded. Automatically apply these charges to customer accounts and generate separate line items for the charges on the customer bills. (DM-5)

- Provide automated process for issuing invoices and follow-ups every 30 days, and generate posting/updating to the General Ledger with automated audit trail to source documents (OMB Circular A-129). (DM-6)

- Follow instructions provided in authoritative guidance:

  - Automatically age receivables as described in OMB Circular A-129;
  - Provide referral of payment history to Credit Reporting Bureaus (31 U.S.C. 3711);
  - Refer all non-federal accounts receivable over 180 days to Treasury for Offset (DCIA of 1996) – Treasury grants exceptions to 180-day rule; and
  - Generate report of accounts receivable for debts in excess of $100,000 for approval or write-off (31 CFR Part 902). (DM-7)

- Provide information on the age of receivables to allow for management and prioritization of collection activities. This is to include aging information on individual receivables and on a summary basis, such as by customer, type of customer, fund, and general ledger account. (DM-8)

- Provide information to allow for the automated reporting of delinquent accounts to commercial credit bureaus. (DM-9)

- Create files of delinquent accounts for electronic submission to collection agencies and appropriate governmental organizations. (DM-10)

- Maintain data for receivables referred to other federal agencies and outside organizations for collections. (DM-11)

- Record the waiver and write-off of receivables, including interest, penalties, and administrative charges. Maintain data to monitor closed accounts. (DM-12)

Value-added Requirements

To support the Debt Management Process, the Non-Income Tax Revenue System **should** provide the capability to:

- Generate dunning (collection) letters for overdue receivables when accounts become delinquent, and incorporate, as appropriate, due process notices for referring delinquent accounts. (DM-13)

- Customize the dunning process parameters and dunning letter text. (DM-14)

- Identify and report receivables that meet predetermined criteria for write-off, or referral and generate the appropriate entries. (DM-15)

- Calculate (as a percentage of gross receivables or related revenues) and record the allowance for doubtful accounts. (DM-16)

- Track and report on the date and nature of changes in the status of an accounts receivable, including the following:

  - In Forbearance or in Formal Appeals Process;
  - In Foreclosure;
  - In Wage Garnishment;
  - Rescheduled;
  - Waived/unwaived;
  - Eligible for Referral to Treasury for Offset;
  - Referred to Treasury for Offset;
  - Eligible for Internal Offset;
  - Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-servicing;
  - Referred to Treasury for cross-servicing;
  - Referred to private collection agency;
  - Referred to Department of Justice;

- Offset;
- Suspended;
- Compromised;
- Currently not collectible (written off, but not yet closed out);
- Written-off; and
- Closed Out. (DM-17)

- Produce IRS-1099-C's in the amounts of debts forgiven which meet or exceed a user-defined dollar threshold (e.g., $600 or more). (DM-18)

- Offset payments to vendors for amounts due to the agency (e.g., outstanding accounts receivable, credit memo, and open advances.) When an entire payment is offset, create the appropriate notice to the vendor that the offset has been made. (DM-19)

Revenue Estimation

Revenue estimation provides agencies with a prediction of how revenue will change from the current baseline. Typically, estimates are approximations taken from existing data on returns, supplemented with existing data sources as necessary.

Mandatory Requirements

There are no mandatory requirements for this process.

Value-added Requirements

To support Revenue Estimation, the Non-Income Tax Revenue System **should** provide the capability to:

- Support revenue forecasting based on historical data. (REA-1)
- Support revenue forecasting based on variables such as known current or future events (planned rate increases, market changes, etc.). For example, if regulation will increase fees, effective May 1, compute revenue for balance of fiscal year. (REA-2)
- Establish a baseline of revenue collections in comparison to potential revenue. (REA-3)

Output

This section identifies requirements preceding interaction with an agency's core financial system. Sections include automated reconciliation and performance measurement.

Automated Reconciliation

Agencies' Non-Income Tax Revenue Systems maintain detailed subsidiary account information that supports control functions of the general ledger. Information is to be provided to core financial systems for reconciliation with financial information contained in reports from Treasury and other agencies. The Non-Income Tax Revenue System shall provide automatic reconciliation of daily activity receipts based upon collections, remittances, revenue, amounts due or payable, amounts tendered and method of payments.

Mandatory Requirements

To support the automated reconciliation process, the Non-Income Tax Revenue System **must** provide:

- Detailed subsidiary record amounts used to compare with amounts in the general ledger resulting in the creation of reports for those accounts that are out of balance. This capability must be available for all open accounting periods and at frequencies defined by the user, such as daily, weekly and monthly. (AR-1)

- The capability to record sales of goods and services based on user-defined criteria. (AR-2)

Value-added Requirements

There are no value-added requirements for this process.

Performance Measurement

The Government Performance and Results Act (GPRA) of 1993 is designed to make federal agencies accountable for achieving program results. Effective Non-Income Tax Revenue Systems collect as much revenue at the lowest cost. Federal managers are required to set strategic goals, measure performance, and report on their progress. An agency's Non-Income Tax Revenue System should accumulate and track program performance data.

Mandatory Requirements

To support the performance measurement process, the Non-Income Tax Revenue System **must** provide the capability to:

- Meet GPRA requirements and link to an agency's strategic plan, a Non-Income Tax Revenue System should provide revenue cost management information that can be matched with budget formulation information for performance measure calculations. (PM-1)

Value-added Requirements

To support the performance measurement process, the Non-Income Tax Revenue System **should**:

- Provide the capability to track actual performance against established standards and to calculate variances for both system users and organizations. (PM-2)
- Provide the capability to perform trend analyses across periods and fiscal years. (PM-3, taken from BF-4 of the Core Financial System Requirements)
- Collect cost information of performing collection activity. (PM-4)

General Reporting

General reporting encompasses internal and external reporting, the creation of audit trails, performing on-line and ad-hoc query, and records retention.

Internal and External Reporting

Financial management systems must be designed with the flexibility to accommodate new and emerging reporting requirements both internally and externally. The Non-Income Tax Revenue System must provide complete, reliable, consistent, timely and useful detailed transaction and summary information to an agency's Core financial system to enable individual operating components to carry out program responsibilities, and deter fraud, waste, and abuse of resources. The Non-Income Tax Revenue System must be designed to support program managers by producing financial management reporting information that is timely, accurate and complete in order for them to manage their operations effectively and efficiently.

Mandatory Requirements

To support the External Reporting process, the Non-Income Tax Revenue System **must** be able to:

- Export data from the Non-Income Tax Revenue System to the Core financial system. (IER-1)
- Provide data in hard copy and electronic formats required by the Department of the Treasury for the Form 224, Statement of Cash Transactions, and Treasury Report on Receivables. (IER-2)
- Create, compute, and post all necessary financial transactions. (IER-3)
- Track receivables that have been forwarded to an external collection agency (e.g., Treasury). (IER-4)
- Automate the preparation of consolidated financial statements as required by the current OMB Bulletin on Form and Content of Agency Financial Statements requirements (IER-5)
- Report financial activity transactions by any element within the accounting classification structure (e.g., individual or hierarchical organization code, project code). (IER-6)
- Identify Government, including inter- and intra- agency transactions and non-government revenues and expenses to support preparation of external reports. (IER-7)
- Produce report of transaction level details for the TAS/TAFS totals on the FMS Form 224, Statement of Cash Transactions. (IER-8)
- Produce a daily on-line Available Funds report(s) for each TAS/TAFS that is subject to FACTS II reporting requirements. Support must be provided for the parameters established by FMS. (IER-9)

- Provide on-line subsidiary revenue activity summary at the internal fund, organization, and TAS/TAFS levels. The subsidiary summary must provide the following minimum data elements for each applicable general ledger account:

  - The balance at the beginning of the accounting period,
  - The total amount of debits by transaction type for the accounting period,
  - The total amount of credits by transaction type for the accounting period, and
  - The cumulative ending balance for the accounting period. (IER-10)

- Report and Analyze FACTS I and FACTS II data as required by the core financial management system. (IER-11)

- Produce an on-line transaction register must be capable of capturing and reporting object class data at the internal fund, organization, and TAS/TAFS level for each accounting period, that provides the following data elements:

  - Fiscal year;
  - TAS/TAFS;
  - Internal fund;
  - Document number;
  - Document entry date;
  - Document entry time;
  - Document entry User ID;
  - Document transaction date;
  - Transaction type;
  - Debit account number;
  - Debit account object class;
  - Debit amount;
  - Credit account number;
  - Credit account;
  - Object class;
  - USSGL attribute domain headings; and
  - USSGL attribute values associated with the transaction.

  Register must include all transactions that occurred within the accounting period specified. (IER-12)

- Forward aging reports to the appropriate individuals with write-off approval authority using automated workflow facilities. (IER-14, taken from RM-19 of the Core Financial System Requirements)

Value-added Requirements

To support the External Reporting process, the Non-Income Tax Revenue System **should**:

- Drill down to detail transactions for any summary level within a report for transactions originally input and maintained within the accounting and/or financial management system. (IER-15)

- Save customized report/query routines and/or results with the capability to transmit either electronically. (IER-16)

- Report process compatibility with both database and application security protocols. (IER-17)

- Report the financial information required for program management performance reporting. (IER-18)

- Provide the capability to perform exception and data ranking reporting based on user-defined parameters. (IER-19)

- Provide the capability to define and modify customized reports. (IER-20)

- Provide the capability to report on collection statistics by customer and agency during a reporting period. (IER-21)

Audit Trail

Adequate audit trails are critical to providing support for transactions and balances maintained by the Non-Income Tax Revenue System. While audit trails are essential to auditors and system evaluators, they are also necessary for day-to-day operation of the system. For example, they allow for the detection and systematic correction of errors.

Mandatory Requirements

To support the Audit Trail activity, the Non-Income Tax Revenue System **must** provide the capability to:

- Provide audit trails to trace transactions from their initial source through all stages of related system processing within the installation accounting/financial management system. The initial source may be source documents, transactions originating from other systems (e.g., feeder systems), or internal system-generated transactions. (AT-1)

- Identify document input, change, approval, and deletions by user. (AT-2)

Value-added Requirements

To support the Audit Trail activity, the Non-Income Tax Revenue System **should** provide the capability to:

- Support audit processes by flagging remittance variations and gaps. Example: agent collects and remits fees quarterly and skips one quarter or sends in remittance that is 50% lower than prior year. (AT-3)

- Select items for review based on user-defined criteria by type of transaction (e.g., by receivable transactions, debtor, date range). Example: to select items for financial statement audits. (AT-4)

On-Line Query Capability

Query access will be restricted to users on a query profile basis to insure that system processing time is not degraded by undue access. Establishing and maintaining query profiles will be the responsibility of the systems administrator.

Mandatory Requirements

To support On-Line Query Capability, the Non-Income Tax Revenue System **must** provide the capability to:

- Record all transactions for a specific accounting record. (OLQ-1)
- Report the amount totals by type of fee and date range. (OLQ-2)
- Report by any combination or subset of name, receivable number, date range, transaction number, deposit account number, transaction amount. (OLQ-3)
- Assign user level capability for ad hoc query access. (OLQ-4)
- Produce deposit account history by account number and date range. (OLQ-5)
- Produce customer inquiry history by deposit account number or receivable number. (OLQ-6)
- Produce deposit account transactions in the monthly deposit account statement format for the each month. (OLQ-7)
- Provide deposit ticket and debit voucher number or amount. (OLQ-8)
- Perform on-line queries of account activity (billing, collection, and adjustment) by customer and receivable. (OLQ-9)
- Perform on-line queries of miscellaneous cash receipts (applied to any Treasury fund symbol) by customer, when identified, and by accounting period. (OLQ-10)
- Provide and maintain on-line queries and reports on balances separately for the current/prior months and current/prior fiscal years. At a minimum, balances must be maintained on-line for current/prior months and current/prior fiscal years until the prior month closing is complete. (OLQ-11)
- Provide and maintain on-line queries and reports on balances separately for the current and prior fiscal years. At a minimum, balances must be maintained on-line for both the current and prior fiscal years until the prior fiscal year closing is complete. (OLQ-12)

Value-added Requirements

To support the On-Line Query function, the Non-Income Tax Revenue System **should**:

- Generate reports by geographic location. (OLQ-13)

Ad-Hoc Query

Over time, demands for specific financial data are expected to change considerably based on new administrations, program missions, budget priorities, or oversight. While requirements associated with standard internal and external reporting are based on clearly defined financial management information needs, ad hoc query requirements are general in nature. The ability of a financial management system package to provide for flexible data access is critical to enabling effective agency, program and financial management in the face of change. The proper management of data communication is as critical as providing its access. Data information communicated to users and customers must be consistent – the same answer must be provided to the same question asked at different times. This section addresses data and access capabilities expected as part of the of an ad hoc query function.

Mandatory Requirements

To effectively support ad hoc data access, the Non-Income Tax Revenue System **must**:

- Allow users to create and submit parameter-based query scripts or to store them in a common library for future use. (AHQ-1)
- Allow users to run queries on-line or in batch mode and to stage output for later access by authorized users. (AHQ-2)
- Provide run-time controls to limit "run-away" queries and large data download requests. (AHQ-3)
- Support graphical output display on the desktop. Output display should also support dynamic report reformatting, regrouping and drill-down to detail records from summary report lines. (AHQ-4)
- Allow authorized users to download selected financial data. This download capability must be able to automatically reformat downloaded information for direct access by common desktop applications (e.g., ASCII formatted). (AHQ-5)
- Provide the ability to preview a report, form, or other query result before printing. (AHQ-6)
- Support access to current year and historical financial data. (AHQ-7)

Value-added Requirements

To provide additional ad hoc data access functionality, the Non-Income Tax Revenue System **should**:

- Allow users to automatically distribute copies of report/query results via e-mail to multiple pre-identified individuals or groups. (AHQ-8)
- Provide the following ad hoc query interface features:

  - The ability to "point and click" on selectable table, data, and link objects for inclusion in a custom query;
  - An active data dictionary to provide users with object definitions;
  - The ability to share user developed query scripts with other authorized agency users, query optimization; and
  - On-line help. (AHQ-9)

- Facilitate customer query and self-service capability subsequent to customer verification and clearance. (AHQ-10)

Records Retention

Records Retention removes data that is no longer needed for immediate access from the system data stores used for inquiry and reporting on current information. Transactions which are 3 years or older, and deposit account transactions in a deposit account statement format which are 3 months or older (not of the current fiscal year) can be archived to optical disk by the system administrator. Each archive episode shall generate a library entry in an archive information table. The library entry will include the transaction date range for the information archived. Once transactions are archived they will be deleted from the system.

Mandatory Requirements

To support the Records Retention function, the Non-Income Tax Revenue System **must** provide:

- Temporary restoration to the on-line system for browsing or reporting. (AD-1)
- Retention of system records in accordance with Federal regulations established by the National Archives and Records Administration (NARA), GAO and others. Prevent the purging of transactions prior to the proper period in accordance with regulations governing the retention of documents and transactions. (AD-2)

Value-added Requirements

There are no value-added requirements for the Records Retention function.

Interface

Financial management systems must be designed with effective and efficient interrelationships between an agency's other financial management feeder systems and the agency's core financial system. The CFO Act of 1990 and financial management systems policy described in OMB Circular No. A-127, Financial Management Systems, require that each agency establish and maintain a single, integrated financial management system. A single integrated financial management system must be one with a unified set of financial systems.

<u>Mandatory Requirements</u>

To support interface requirements, the Non-Income Tax Revenue System <u>**must**</u> produce reports and transmittable files to meet the relevant Application Program Interface specified by the core financial system.

- Interface information must include:

  - Cash refund information capturing who and why;
  - Receipt, collection, and billing information capturing what, when and what for;
  - Deposit information required by the National Automated Clearing House Association containing requisite deposit information;
  - Receivable aging information;
  - Uncollectable receivables/bad debt information;
  - Balance of advances from others;
  - Reimbursable agreement (RA) limits to make sure billings do not exceed the RA; and
  - Cost related to reimbursable work not directly recorded in the acquisition or cost systems. (I-1).

- Provide integration or appropriate interfaces between system modules and have the ability to simultaneously update or interface with the various systems or modules without the need for duplication. (I-2)

- Provide the capability to provide for uploading and downloading data to other systems, databases, in a personal computer environment. (I-3)

- Interface with Cost and Acquisition Systems to update cost data needed for services performed under a Reimbursable agreement. (I-4)

- Interface with the Cost system to update cost data needed for services performed under a Reimbursable agreement. (I-5)

- Provide controls over interfaced data to ensure that files are transmitted by an authorized source to an authorized destination and they are complete and not duplicates. In addition, controls over each file should ensure (1) the number of transactions in the file matches control records; (2) the dollar total of transactions in the file matches control records; (3) the sender is notified of any erroneous transactions; and (4) erroneous transactions are automatically returned to the sender (I-6).

Value-added Requirements

To support interface requirements, the Non-Income Tax Revenue System **should**:

- Provide the capability to link to other applications and data sources (e.g., strategic plans, performance measures, data warehouse) (I-7);

Security

This technical category defines internal and external access controls. A qualified revenue system must be designed to protect an agency's financial data from unauthorized access or alteration. Adequate data protection includes the following discrete requirements.

Mandatory Requirements

To support the Security function, the Revenue System **must** provide the capability to:

- Allow entry into system only to those individuals who are authorized and only during times authorized. (S-1)

- Perform annual revalidation of the user. (S-2)

- Maintain a history of password changes over a specified amount of time and preclude the consecutive use of the same password, including changes and lost passwords. (S-3)

- Require the use of unique user identifications and passwords for authentication purposes. Passwords must be non-printing and non-displaying. The application must allow the enforcement of password standards, (e.g., minimum length and use of alpha, numeric and special characters.) The application must also allow for the establishment of a specified period for password expiration to provide changes on a regular basis, accommodate prohibiting the user from reusing recent passwords and be capable of periodic change, at option of user, and of mandatory change, at the option of the system administrator after a specified period of time. (S-4)

- Maintain an audit logging capability to record access activity of every user and every terminal including:

    - Time and date of use;
    - Type of transaction;
    - All log-in/log-out attempts by user and workstation;
    - User submitted transactions;
    - Initiated processes;
    - System override events; and
    - Direct additions, changes or deletions to application maintained data. (S-5)

- Limit the capability of users to selected functions (i.e. data entry and approval) as well as have the capability to define functional access rights (e.g., to modules, transactions, approval authorities) and data access rights (e.g., record, create, read, update and delete) by assigned user ID, functional role (e.g., payable technician) and owner organization. User profiles can be added, deleted, modified or changed by the system administrator. (S-6)

- Allow the system administrator to restrict access to sensitive data elements such as social security numbers and banking information by named user, groups of users, or functional role. (S-7)

- Allow the user to void a transaction within the same day prior to batch processing as when the original posting is made. Controls should be in effect to prevent transactions from being voided on a date other than the date the transaction was originally posted. (S-8)

- Limit access to data files and programs by individuals attempting to access them both through the system and through access methods external to the system for other than the data base administrator. (S-9)

- Alert and record when invalid access attempted or when user ID limit exceeded. (S-10)

- Prevent the alteration of financial data (i.e. voids) except through the posting of transactions that are entered through the normal edit and update process under proper security. (S-11)

- Comply with the National Institute of Standards and Technology (NIST) Security Standards relating to the applications integrated security features. (S-12)

- Control access to the application, functional modules, transactions, and data by having integrated security features that are configurable by the system administrator. (S-13)

- Provide the ability to query the audit log by type of access, date and time stamp range, user identification, or terminal ID. (S-14)

- Comply with Federal Information System Controls Audit Manual (FISCAM) standards. (S-15)

Value-added Requirements

To support Security requirements, the Non-Income Tax Revenue System **should**:

- Provide confidential Internet based communication from customer to system. (S-15)

- Maintain general profile identity attributes that could consist of a customer's:

  - Username;
  - Name;
  - Address;
  - Home telephone number;
  - Social Security Number;
  - Date of birth;
  - Personal e-mail address;
  - Employer name;
  - Employer address;
  - Employee telephone number;
  - Employer e-mail address; and
  - Confidential questions and answers. (S-16)

Appendix A – Authoritative References

Topic	Authoritative References	Source
Revenues/Financing Sources	SFFAS 7 – Accounting for Revenues and Other Financing Sources	Federal Accounting Standards Advisory Board (FASAB)
Receivables & Loans	31 U.S.C. 3711; Claims Collection Standards (31 CFR Parts 900-904); Debt Collection Act of 1982; Debt Collection Improvement Act of 1996	Congress (Statutory)
Receivables & Loans	Circular A-129 Policies for Managing Federal Credit Programs and Non-Income Tax Receivables	OMB
Loans	Federal Credit Reform Act of 1990	Congress (Statutory)
Loans	Systems Requirements on Direct and Guaranteed Loans	Joint Financial Management Improvement Program (JFMIP)
Loans	SFFAS 2 - Accounting for Direct Loans and Loan Guarantees, and SFFAS 18 – Amendments	FASAB
Budgetary	Circular A-11 Budget Formulation	Office of Management & Budget
Budgetary	Circular A-34 Budget Execution	Office of Management & Budget
User Charges	31 U.S.C. 9701 – Independent Offices Appropriation Act of 1952	Congress (Statutory)
User Charges	Circular A-25 - User Charges	Office of Management & Budget
Reimbursable Agreements Between Federal Entities	31 U.S.C. 1535 - Economy Act	Congress (Statutory)
Reimbursable Agreements Between Federal Entities	PL 103-356 Government Management Reform Act (Authorizes Franchise Fund Pilots to facilitate Inter-Governmental Cross-Servicing)	Congress (Statutory)
Intergovernmental Agreements	31 U.S.C. 6501 – 6508 Authority for Intergovernmental Cooperation	Congress (Statutory)
External Reporting and Disclosure	SFFAS 2 - Entity and Display	FASAB
Form & Content of Financial Statements	Bulletin 01-09 provides requirements for the form and content of Agency Financial Statements	Office of Management & Budget
Cost Accounting	SFFAS 4 - Managerial Cost Accounting Concepts and Standards	FASAB
Governmentwide Deposit and Collection Requirements	Volume I – Parts 5 & 6 Treasury Financial Manual Volume 5 – Ca$hlink	U.S. Department of the Treasury Financial Management Service
Cash Management	Treasury Financial Manual Supplemental Guidance Cash Management Made Easy	U.S. Department of the Treasury Financial Management Service
Internal Management Controls	Circular A-123 Management control requirements and testing	Office of Management & Budget
Single Integrated Financial System	Circular A-127 Requires a single, integrated financial management system	Office of Management & Budget
Overall Federal Financial System Requirements	Core Financial Systems Requirements	JFMIP
Regulations on Money and Finance	Title 31 Code of Federal Regulations Subtitle B	National Archives and Records Administration
Insured banks as depositories of public money	Title 12, Section 265, Code of Federal Regulations	National Archives and Records Administration

Appendix B - Glossary

ACCRUAL METHOD
The accrual method of accounting recognizes the significant aspects of financial transactions as they occur. Under the accrual method, income and assets are recorded in the period in which earned or acquired, and expenses and liabilities are recorded in the period in which incurred. Accrual accounting emphasizes matching revenues and expenses. Generally, accrual accounting can contribute to effective financial control over resources and cost of operations and is essential to developing adequate cost information.

ACTIVITY
The actual task or step performed in producing and delivering products and services. An aggregation of actions performed within an organization that is useful for purposes of activity-based costing.

AGENCY LOCATION CODE (ALC)
Code assigned by Treasury to each reporting unit requiring the preparation of an FMS-224, Statement of Transactions. The ALC must be shown on all correspondence, forms, and other documentation forwarded to financial institutions, The Department of Treasury FMS, other Federal agencies, and to Treasury Regional Financial Centers, and particularly on all SF-215s: Deposit Tickets, and SF-5515s: Debit Vouchers.

APPLICATION PROGRAM INTERFACE (API)
A set of routines, protocols, and tools for building software applications.

APPORTIONMENT
A distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, activities, projects, objects, or combinations thereof. The amounts so apportioned limit the obligations that may be incurred.

APPROPRIATED FUNDS
Appropriated funds are monies made available to a federal entity by Congress. There are generally two types of appropriations: annual and multiyear. The appropriation acts approved by Congress specify the purpose for which the APFs can be used.

ATB CODE
Consists of a department, bureau and Treasury appropriation/fund group. This is a unique identifier code for a record in the Master Appropriation File.

ATTRIBUTE DOMAINS
Domain values are all of the possible valid choices within an attribute. For example, the valid domains for the Reimbursable Flag attribute are D, for Direct, and R, for Reimbursable.

ATTRIBUTES
Characteristics of activities, such as cost drivers and performance measures.

USSGL ATTRIBUTES
To meet external reporting requirements, agencies need data at a level below the four-digit USSGL account. Agencies’ systems must capture this information at the transaction level by recording transactions using USSGL four-digit accounts plus attributes. Attributes are like adjectives that further

describe a USSGL account in order to meet a specific reporting requirement. Examples include: Apportionment Category, Authority Type, Availability Time, Reimbursable Flag, etc.

BILL
Notification of an amount due to a federal agency for service/product.

BUDGET AUTHORITY
The authority provided by federal law to incur financial obligations that will result in immediate or future outlays. Specific forms of budget authority include appropriations, borrowing authority, contract authority, and spending authority from offsetting collections.

BUDGETARY ACCOUNTING
Budgetary accounting is the system that measures and controls the use of resources according to the purposes for which budget authority was enacted; and that records receipts and other collections by source. It tracks the use of each appropriation for specified purposes in separate budget accounts through the various stages of budget execution from appropriation to apportionment and allotment to obligation and eventual outlay. This system is used by the Congress and the Executive Branch to set priorities, to allocate resources among alternative uses, to finance these resources, and to assess the economic implications of federal financial activity at an aggregate level. Budgetary accounting is used to comply with the Constitutional requirement that "No Money shall be drawn from the Treasury, but in Consequence of Appropriations Made by Law; and a regular Statement and Account of the Receipts and Expenditures of all public Money shall be published from time to time."

CA$HLINK
A Treasury system used to manage and monitor the collection of Government revenues and report the balances to federal agencies.

CASH BASIS OF ACCOUNTING
The cash basis of accounting emphasizes the receipt and payment of cash. That is, revenue is recognized only when cash is received from a customer or client, and expenses are recognized only when cash is actually paid for an item or service received.

CHART OF ACCOUNTS
The list of general account numbers that subdivide basic accounting equations, with associated titles and definitions, used by an entity for posting to its general ledger.

CLASSIFICATION STRUCTURE
The data elements defined to support a specific portion of information architecture.

COLLECTION
Amounts received by the federal Government during the fiscal year. Collections are classified as follows:
1. Budget receipts or off-budget receipts are collections from the public based on the Government's exercise of its sovereign powers, including collections from participants in compulsory social insurance programs.

2. Offsetting collections are collections from Government accounts (intragovernmental transactions) or from the public that are offset against budget authority and outlays rather than reflected as receipts in computing the budget and off-budget totals. They are classified as (a) offsetting receipts (i.e., amounts

deposited to receipt accounts), and (b) collections credited to appropriation or fund accounts. The distinction between these two major categories is that collections credited to appropriation or fund accounts are offset within the account that contains the associated disbursements (outlays), whereas offsetting receipts are in accounts separate from the associated disbursements. Offsetting collections are deducted from gross disbursements in calculating net outlays.

CONTRA ACCOUNT
One of two or more accounts which partially or wholly offset another or other accounts; on financial statements, they may be either merged or appear together.

COST
The monetary value of resources used or sacrificed or liabilities incurred to achieve an objective.

COST ACCOUNTING
Method of accumulating, classifying, summarizing, reporting, and interpreting information for the purposes of operational planning and control, special decisions, and product costing.

CUSTODIAL ACTIVITY
The collection of taxes or other revenues collected or collectible.

CUSTOMER ORDER
An order received and accepted by the performing activity from a customer. It is written evidence that certain goods and services will be provided to the tenderer of the order for a specified amount. The order must contain an original signature or equivalent of both the ordering activity and the receiving activity.

DEPOSIT FUND
An account established to record amounts held temporarily by the Government until ownership is determined (for example, earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (for example, State and local income taxes withheld from Federal employees' salaries and not yet paid, to the State or local Government). Deposit fund transactions are excluded from the budget totals because the funds are not owned by the Government. Since increases in deposit fund balances reduce Treasury's need to borrow, they are a means of financing a deficit or a surplus.

DEPOSIT FUND ACCOUNT
FMS establishes a deposit fund account to record moneys that do not belong to the Federal Government. The deposit fund (liability) classification is proper for any account that meets one of the following three criteria:

1) Moneys withheld by the Government from payments for goods and services received. Agencies may treat this transaction as a deposit fund liability only when they have charged a budget account and the Government is holding the funds pending payment (for example, payroll deductions for savings bonds or State income taxes).

2) Deposits received from outside sources for which the Government is acting solely as a banker, fiscal agent or custodian.

3) Moneys the Government is holding awaiting distribution based on a legal determination or investigation. This category includes moneys in dispute (between the Government and outside parties) where ownership is in doubt and there is no present basis for estimating ultimate distribution.

DEPRECIATION ACCOUNTING
The systematic and rational allocation of the acquisition cost of an asset, less its estimated salvage or residual value, over its estimated useful life.

DOCUMENT
This refers to balances and descriptive data of individual documents, such as requisitions, purchase orders, contracts, vouchers, billings, advances, and the like.

ENTITY
A unit within the federal Government, such as a department, agency, bureau, or program, for which a set of financial statements would be prepared. Entity also encompasses a group of related or unrelated commercial functions, revolving funds, trust funds, and/or other accounts for which financial statements will be prepared in accordance with OMB annual guidance on Form and Content of Financial Statements.

EXCHANGE REVENUE
Inflows of resources to a governmental entity that the entity has earned. They arise from exchange transactions, which occur when each party to the transaction sacrifices value and receives value in return.

EXCHANGE TRANSACTION
A transaction that arises when each party to the transaction sacrifices value and receives value in return.

FINANCIAL ACCOUNTING
1. The accounting for assets, liabilities, equities, revenues, and expenses as a basis for reports to external parties. 2. A methodology that focuses on reporting financial information primarily for use by owners, external organizations, and financial institutions. This methodology is constrained by rule-making bodies such as the Financial Accounting Standards Board (FASB), the Securities Exchange Commission (SEC), and the American Institute of Certified Public Accountants (AICPA).

FINANCIAL EVENT
Any occurrence having financial consequences to the Federal Government related to the receipt of appropriations or other financial resources; acquisition of goods or services; payments or collections; recognition of guarantees, benefits to be provided, or other potential liabilities; or other reportable financial activities.

FINANCIAL MANAGEMENT SYSTEM
The financial systems and the financial portions of mixed systems necessary to support financial management.

FINANCIAL SYSTEM
An information system comprised of one or more applications used for collecting, processing, maintaining, transmitting, and reporting data about financial events; supporting financial planning or budgeting activities; accumulating and reporting cost information; or supporting financial statement preparation.

FULL COST
The total amount of resources used to produce the output.

FUTURE-DATED TRANSACTIONS
Financial transactions that are input and warehoused in the current accounting period, scheduled to be posted to a later accounting period.

GENERAL FUND
Accounts for receipts not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys.

GENERAL LEDGER
The core of an accounting system, which is a chronological record of accounting transactions. It shows the names of accounts, the amounts that are to be debited and credited to each account, and descriptions of the transactions. Also see USSGL.

GOALS
Government On-line Accounting Link System. An electronic network that ties agencies to Treasury and each other for the exchange of information. Over the network, agencies can transfer funds to each other and receive notification that Treasury has accomplished disbursements. Also, agencies and Treasury can submit and receive reports once exchanged in hard copy format by mail. The GOALS network can be used with a wide variety of terminals and modems.

GOVERNMENTAL RECEIPTS
Collections from the public that result primarily from the exercise of the Government's sovereign or governmental powers. Governmental receipts consist mostly of individual and corporation income taxes and social insurance taxes but also include excise taxes, compulsory user charges, customs duties, court fines, certain license fees, gifts and donations, and deposits of earnings by the Federal Reserve System. They are compared to outlays in calculating a surplus or deficit.

INCOME
Money earned during an accounting period that results in an increase in total assets. Items such as rents, interest, gifts, and commissions. Revenues arising from sales of goods and services. Excess of revenues over expenses and losses for an accounting period (i.e., net income). See also gross income; income realization; net income; revenue.

INFORMATION SYSTEM
The organized collection, processing, transmission, and dissemination of information in accordance with defined procedures, whether automated or manual. Information systems include non-financial, financial and mixed systems.

INTEGRATED SYSTEM
A single, integrated financial management system is a unified set of financial systems and the financial portions of mixed systems encompassing the software, hardware, personnel, processes (manual and automated), procedures, controls, and data necessary to carry out financial management functions, manage financial operations of the agency, and report on the agency's financial status to central agencies, Congress, and the public.

INTEREST
The service charge for the use of money or capital, paid at agreed intervals by the user, commonly expressed as an annual percentage of outstanding principal.

INTEREST RATE
The price charged per unit of money borrowed per year, or other unit of time, usually expressed as a percentage.

INTERNAL CONTROL
"Internal Control" is a process, effected by an agency's management and other personnel, designed to provide reasonable assurance that the objectives of the agency are being achieved in the following categories:

- Effectiveness and efficiency of operations including the use of the entity's resources.
- Reliability of financial reporting, including reports on budget execution, financial statements, and other reports for internal and external used.
- Compliance with applicable laws and regulations.

INTRA-GOVERNMENTAL PAYMENT AND COLLECTION SYSTEM (IPAC)
Intra-governmental Payment And Collection System. An Internet application for intra-governmental payments. IPAC was developed by the Treasury Department to replace the On-line Payment and Collection System (OPAC) through the migration of the GOALS OPAC application from a contractor-operated platform to a Government owned and operated platform.

LIQUIDATING ACCOUNT
The liquidating account is the budget account that includes all cash flows to and from the Government resulting from pre-1992 direct loans or loan guarantees (those originally obligated or committed before October 1, 1991), except those pre-1992 direct loans and loan guarantees that have been directly modified and transferred to a financing account.

LOGGING
Data used for audit trail purposes to record activity in the system other than financial transactions, such as table changes.

LOSS
Any expense or irrecoverable cost, often referred to as a form of non-recurring charge, an expenditure from which no present or future benefit may be expected.

MIXED SYSTEM
Any information system that supports both the financial and non-financial functions of the Federal Government or components thereof.

MODULE
A component of an information system that carries out a specific function or functions and may be used alone or combined with other components.

NON-EXCHANGE REVENUE
Inflows of resources to the Government that the Government demands or that it receives by donations. The inflows that it demands include taxes, duties, fines, and penalties.

NON-EXCHANGE TRANSACTION
A transaction that arises when one party to a transaction receives value without giving or promising value in return or one party to a transaction gives or promises value without receiving value in return.

OBLIGATIONS
Amounts of orders placed, contracts awarded, services received, and other transactions occurring during a given period that would require payments during the same or a future period.

OFFSET
Withholding money payable by the Government to, or held by the Government for a person or entity to satisfy a debt that the person or entity owes the Government.

OFFSETTING COLLECTIONS
Collections that by law, are credited directly to expenditure accounts. Usually, they are authorized to be spent for the purposes of the amount without further annual action by Congress. They result from business-type or market-oriented activities with the public and other government accounts. The authority to spend offsetting collections is a form of budget authority.

OFFSETTING RECEIPTS
Offsetting receipts are a subset of offsetting collections.

ON-LINE PAYMENT AND COLLECTION SYSTEM (OPAC)
On-line Payment and Collection System. A component of GOALS. OPAC is an automated means by which billing information is transmitted between Federal Agencies through a commercial time-sharing service via a telecommunications network. Intragovernmental payments are also made using OPAC.

OTHER FINANCING SOURCES
Inflows of resources that increase net position of a reporting entity but that are not revenues or gains. Borrowing is not included as other financing sources, since it does not increase the net resources of the reporting entities.

POSTED TRANSACTION
Data from financial transactions that have been processed, accepted and recorded in the system.

PRO FORMA TRANSACTIONS
Predetermined standard set of general ledger account postings associated with an accounting event.

PROPRIETARY ACCOUNTING
Also known as financial accounting, a process that supports accrual accounting and financial reporting that attempts to show actual financial position and results of operations by accounting for assets, liabilities, net position, revenues, and expenses.

RECORD
To give expression to a transaction on (or in) the books of account; to enter.

REIMBURSABLE OBLIGATION
An obligation financed by offsetting collections credited to an expenditure account in payment for goods and services provided by that account.

REIMBURSABLE ORDER
May also be known as Customer Orders. Orders for goods and services to be provided by the agency to another entity in return for payment.

REIMBURSEMENTS
Sums received as payment or advance payment for goods or services furnished either to the public or to another federal Government account. If authorized by law, these sums are credited directly to specific appropriation and fund accounts. These amounts are deducted from the total obligations incurred (and outlays) in determining net obligations (and outlays) for such accounts. Reimbursements are offsetting collections. (See offsetting collections.)

REMITTANCE
The act of transmitting money, bills, or the like, in satisfaction of a demand, or in discharge of an obligation.

REQUIREMENTS

> *Mandatory* - Mandatory requirements describe what the system must do and consist of the minimum acceptable functionality necessary to establish a system, or are based on Federal laws and regulations. Mandatory requirements are those against which agency heads evaluate their systems to determine substantial compliance with systems requirements under the FFMIA. These requirements apply to existing systems in operation and new systems planned or under development.
>
> *Value-Added* - Value-added requirements describe optional features or characteristics and may consist of any combination of the following: (1) using state-of-the-art technology, (2) employing the preferred or best business practices, or (3) meeting the special management needs of an individual agency. *Value-added*, *optional*, and other similar terminology may be used to describe this category of requirements. Agencies should consider value-added features when judging systems options. The need for value-added features in agency systems is left to the discretion of each agency head.

REVENUE
Increase in the assets of an organization or the decrease in liabilities during an accounting period, primarily from the organization's operating activities. This may include sales of products (sales), rendering of services (revenues), and earnings from interest, dividends, lease income, and royalties.

REVENUE ADJUSTMENT
A contra revenue account that is used to report reduction in revenue when realization is not probable (less likely than not). It includes, returns, allowances, and price re-determinations but not credit losses (due to the inability of the debtor to pay the established or negotiated price).

REVOLVING FUND
A fund consisting of permanent appropriation and expenditures of collections, from both the public and other Governmental agencies and accounts, that is earmarked to finance a continuing cycle of business-type operations.

SERVICE
An intangible product or task rendered directly to a customer.

SINGLE, INTEGRATED FINANCIAL MANAGEMENT SYSTEM
A unified set of financial systems and the financial portions of mixed systems encompassing the software, hardware, personnel, processes (manual and automated), procedures, controls and data necessary to carry

out financial management functions, manage financial operations of the agency and report on the agency's financial status to central agencies, Congress and the public. Unified means that the systems are planned for and managed together, operated in an integrated fashion, and linked together electronically in an efficient and effective manner to provide agency-wide financial system support necessary to carry out the agency's mission and support the agency's financial management needs.

SUBSIDIARY LEDGERS
Records that provide detailed information about amounts recorded in the general ledger accounts.

SUSPENDED TRANSACTIONS
Transactions that have not been completely processed and posted in the system.

SYSTEM
Two or more individual items (equipment components) that are part of a self-contained group, that are joined physically, electronically, or electromechanically, programmed or designed specially to rely on each other, and cannot function independently if separated, and cannot be easily disconnected and reconfigured to function with or within another unit or "system."

TAX EXPENDITURE
A revenue foregone attributable to a provision of the federal tax laws that allows a special exclusion, exemption, or deduction from gross income or provides a special credit, preferential tax rate, or deferral of tax liability.

TRANSACTION
A particular kind of external event involving the transfer of something of value concerning two or more entities. The transfer may be a two way or one way flow of resources or of promises to provide resources.

TRANSFER
To move budgetary resources from one budget account to another. Depending on the circumstances, the budget may record a transfer as an expenditure transfer, which involves an outlay, or as a non-expenditure transfer, which does not involve an outlay.

TREASURY APPROPRIATION FUND SYMBOL (TAFS)
A summary account established in the Treasury for each appropriation and fund showing transactions to such accounts. Each such account provides the framework for establishing a set of balanced accounts on the books of the agency concerned. As used in OMB Circular No. A-34, this phrase refers to general fund expenditure accounts, special fund expenditure accounts, public enterprise revolving funds, intragovernmental revolving funds, management funds, trust fund expenditure accounts, and trust revolving fund accounts. Also known as Treasury Appropriation Symbol (TAS).

TREASURY APPROPRIATION SYMBOL (TAS)
Synonymous with Treasury Appropriation Fund Symbol (TAFS).

TREASURY OFFSET
Collection of a delinquent debt by Treasury or a non-Treasury disbursing officer through offset of a Federal payment. Federal payments of benefits, tax refunds, salary, or vendors are subject to offset.

TRUST FUNDS
Accounts that are designated by law as trust funds, for receipts earmarked for specific purposes and the

associated expenditure of those receipts. Collections may come from the public (e.g. earmarked taxes or user charges) or from intra-budgetary transfers.

UNDELIVERED ORDER(S)
Contracts or orders issued by the ordering entity for goods and services which have not yet been received and accepted, and for which the liability has not yet been accrued.

UNFILLED CUSTOMER ORDERS
The amount of orders accepted from ordering entities within the U. S. Government for goods and services to be furnished on a reimbursable basis; or, in the case of transactions with the public, amounts collected in advance for which the entity has not yet performed as requested.

UNIFIED SYSTEM
Systems that are planned and managed together, operated in an integrated fashion, and linked together electronically in an efficient and effective manner to provide agency-wide financial system support necessary to carry out the agency's mission and support the agency's financial management needs.

UNITED STATES GOVERNMENT STANDARD GENERAL LEDGER (USSGL)
A uniform chart of accounts and pro forma transactions used to standardize federal agency accounting and to support the preparation of standard external reports required by central agencies. OMB and Treasury Financial Management Service regulations require agencies to use the USSGL to accumulate and report standard financial data. The USSGL chart of accounts identifies and defines budgetary, proprietary, and memorandum accounts to be used in agencies' accounting systems. The USSGL is generic for the federal Government, and is not intended to reflect any single federal agency's accounting system. The Federal Financial Management Improvement Act of 1996 requires agency financial management systems to comply with the USSGL at the transaction level.

USER CHARGE
Fees assessed for the provision of Government services and for the sale or use of Government goods or resources.

USER FEES
A subset of user charges that are authorized to be utilized solely to support the program or activity for which they were levied.

WRITE-OFF
An action to remove an amount from an entity's assets or financial resources. A write-off of a loan occurs when an agency official determines, after all appropriate collection tools have been used, that a debt is uncollectible. Active collection on an account ceases, and the account is removed from an entity's receivables.

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